Daily Report

Central Eurasia

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FBIS-SOV-95-042 *3 March 1995*

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ITAR-TASS Carries Press Review for 3 Mar

LD0303063595 Moscow ITAR-TASS in English 0616 GMT 3 Mar 95

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow March 3 TASS—Russian Moscow-based newspapers are black-bordered today: prominent television journalist Vladislav Listyev has been murdered.

The country has been shocked by yet another contract killing—such is the leading idea of media comments. Newspapers qualify this crime as a political act aimed at destabilising the situation in the country.

IZVESTIYA writes that "the assassination of Vladislav Listyev has plunged Russia into a shock. Consequences are hard to predict", for they may be ruinous to Russian democracy. The newspaper expresses an apprehension that "the assassination may prompt the executive authorities to resort to massive repressions".

KOMSOMOLSKAYA PRAVDA believes that Vladislav Listyev was killed by greed for money. "In all probability, the contract killing was connected with the corporatisation of the state-run Ostankino television channel, the process which has been actively developing since autumn last year".

TRUD shares the same opinion. Its seems that dirty money was used to kill Listyev, the newspaper observes.

NEZAVISIMAYA GAZETA maintains that "no one has any doubt that the murder was not fortuitous. Ever since the presidential decree on a Public Russian Television (publicly known as ORT) was signed, there arose the question as to who would be in charge of advertising on Channel One. It became vital for many an advertising agency to secure monopoly on the cultivation of the advertising field. Now most people associate Listyev's assassinaiton precisely with the 'advertising-related demarche' of the yet unborn ORT," the newspaper concludes.

The government newspaper ROSSIYSKAYA GAZETA associates the journalist's death with "a new recarving of the Ostankino television property" it quotes Mikhial Poltoranin, chairman of the State Duma Committee on Information Policy and Communications as saying that "the old mafia coveting Ostankino will not leave without blood such a fat piece as Channel One". He pointed out that "the merging of journalism with capital poses a great danger" to society.

ROSSIYSKIYE VESTI qualifies the perfidious murder as a "challenge to the entire press and society."

"One can say without exaggeration that the brutal murder of the general director of the Public Russian Television has roused the press and prompted it more insistently to demand that the authorities observe the proclaimed security guarantees for journalists."

ROSSIYSKIYE VESTI on the Groznyy rehabilitation needs.

"Will Groznyy be rebuilt from ashes?" the newspaper queries. In a reportage from Groznyy the newspaper's correspondent Valeriy Kadzhaya paints a terrible picutre of urban destruction. It was precisely the scope of destruction that made him doubt that the city can be rebuilt in the near future.

"It will take three years and not less than 3,000,000 million roubles to rebuild Groznyy's housing and social welfare facilities alone," the correspondent points out.

ROSSIYSKAYA GAZETA carries an interview with Mikhail Krasnov, new assistant to the Russian president on legal affairs. The newspaper refers to Krasnov as a "right-wing defender in the presidential team."

In the interview Krasnov sets out his professional and living credo. "Until the person's dignity in society becomes a household notion, until we begin to make a start from it in resolving specific issues, such categories as the individual and the state will exist in our coutnry on different non-intersecting planes and it will be difficult for us to build a law-governed state".

PRAVDA carries notes by its economic news analyst who dwells on a "quiet destruction of the Russian rouble".

"The Russian national currency—the rouble—is being destroyed in the front of of the whole of Russia, just as, incidentally, the whole world and under the very eyes of the Russian Government and the president".

The newspaper runs the chronology of the decline of the Russian national currency which is being ruined daily and in a very ingenious manner. PRAVDA's opinion is that this is of benefit to a small handful of bankers who plunder the country and amass fabulous fortunes.

Slezevicius, Others Comment on Death of Listyev

LD0203185495 Moscow ITAR-TASS in English 1659 GMT 2 Mar 95

[FBIS Transcribed Text] Moscow March 2 TASS—Lithuanian Premier Adolfas Slezevicius opened his traditional press conference with a bad news: He read out his telegram of condolences addressed to the Listyev family and colleagues of the assassinated general manager of the Russian public television, popular talk-show anchorman Vladislav Listyev.

"Listyev is reputed in our country as an active fighter for the cause of independence of the press and freedom of speech. The assassination of the journalist is an atrocious act, comparable to an attempt to do away with democracy. Television, radio and press are one of the most effective instruments in the struggle against crime, mafia and political adventurism. The people of Lithuania,

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which defends democracy, will always keep memories of the talented, honest journalist of principle Vladislav Listyev," the telegram says.

We were shocked at the news about the vicious assassination. Armenian TV viewers liked and waited impatiently for his talk-shows, for he was a man, a citizen, a mature personality, a professional, Tigran Akopyan, chairman of Armenian state-run Television Broadcasting Company, told ITAR-TASS on Thursday.

The tragedy should teach us a lesson, but it must not break us down, because the cause of Listyev and his supporters is not a thing apart, nor is the problem of the Russian public television, either. You cannot qualify what has happened in any other way, except as a manifestation of political terrorism, he said.

According to Akopyan, all his colleagues express deep condolences to the Listyev family and all journalists of Russia. Many Armenian journalists and people of other professions came to express their sorrow and anger at the Yerevan-based affiliate of the "Ostankino" Television Company on Thursday.

Journalists' unions in Azerbaijan, Kazakhstan and Tajikistan also voiced their protest against onslaught of organized crime and sympathy with his family and colleagues. They also expressed certitude that the organizers and perpetrators of the heinous assassination would sooner or later appear before a court of law and undergo deserved punishment.

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Chernomyrdin Urges West To Invest in Russia

LD0203202095 Moscow INTERFAX in English 1916 GMT 2 Mar 95

[FBIS Transcribed Text] LONDON, Mar 2 (Interfax)—Russian Prime Minister Viktor Chernomyrdin believes that the fuel and energy industry, the agrarian sector, the processing industry and road construction are the most promising sectors of the Russian economy.

He said so in response to a question by Interfax's Boris Grishchenko in London. Chernomyrdin was taking stock of his official visit to Britain.

"Our cooperation with the world economy is highly dynamic, its potential infinite. Make haste or it will be too late," he called on potential western investors.

Chernomyrdin was speaking at a news conference immediately after the signing of a memorandum on attraction of foreign investors to the Russian economy in 1995 and afterwards.

Under the document, which is essentially Russian government's first comprehensive program of attracting western investments in the Russian economy, three working groups will be set up, headed by Deputy Prime Minister Oleg Davydov, Economy Minister Yevgeniy Yasin and Finance Minister Vladimir Panskov. This mechanism, Chernomyrdin believes, will not allow the fine plans to remain just good intentions. He listed construction of oil pipelines leading to the Baltic Sea and to the south and of the Berlin-Warsaw-Minsk-Moscow and St. Petersburg-Helsinki highways, reconstruction of thermal and nuclear power stations in Russia and construction of new automobile factories among possible areas of cooperation.

In response to one question Chernomyrdin said that the talks between Russia and the International Monetary Fund were nearing completion. Russia has met the requirements agreed with the IMF. He expressed the hope that an IMF credit would be made available to Russia.

Chernomyrdin will end his stay in Britain Friday, March 3 and fly on to Paris, France.

Kozyrev Discusses Nuclear Nonprolifration With China

LD0203175195 Moscow ITAR-TASS in English 1719 GMT 2 Mar 95

[By ITAR-TASS correspondents Grigoriy Arslanov, Vyacheslav Tomilin, and Viktor Khrekov]

[FBIS Transcribed Text] Beijing March 2 TASS—Russian Foreign Minister Andrey Kozyrev discussed consolidation of the nuclear non-proliferation regime during his meetings with Chinese leaders in Beijing today.

Kozyrev handed to China's Chairman Jiang Zemin a letter of President Yeltsin on this subject.

The Chinese side expressed a readiness for futher cooperation in nuclear non-proliferation.

"Russia and China, the two permanent members of the U.N. Security Council, have common interests in this area," Kozyrev said in an interview with ITAR-TASS.

The two countries' cooperation in nuclear energy does not contradict non-proliferation, Kozyrev said. "We develop only cooperation which is under control of the International Atomic Energy Agency," Kozyrev said, referring to objections of Washington to the participation of Russia and China in the construction of Iran's nuclear power plant.

Iran is a member of the non-proliferation treaty, and it is controlled by the IAEA, the minister said. "The Russian-Iranian deals in this area fully conform to all requirements of this organisation," Kozyrev said.

Meets PRC's Jiang Zemin, Li Peng

LD0203195695 Moscow ITAR-TASS in English 1944 GMT 2 Mar 95

[By ITAR-TASS correspondents Marat Abdulkhatin, Pavel Spirin and Viktor Khrekov]

[FBIS Transcribed Text] Beijing March 2 TASS—China's Chairman Jiang Zemin, who met Russian Foreign Minister Andrey Kozyrev today, highly appraised consistent compliance of the Russian leadership with the Russian-Chinese border agreement.

A diplomat accompanying Kozyrev on his visits to China and Japan said Kozyrev and Jiang Zemin were on a common ground concerning the settlement of local conflicts and international partnership.

Jiang Zemin said his talk with President Yeltsin during his Moscow visit was important and addressed international well-being and peace in the 21st century. Chinese-Russian cooperation is to become a serious factor in reaching these goals, Jiang Zemin said.

The Chinese chairman said the Chinese-Russian relations should rest on a "look forward" philosophy.

The talk of Kozyrev with Chinese State Council Premier Li Peng addressed the need for overcoming slumping trends in Chinese-Russian trade and expanding cooperation. The two sides stated that it is important that an intergovernmental commission meet before long. Kozyrev and Li Peng agreed that the two countries' transition to a market economy held out good prospects.

Kozyrev informed the Chinese premier that the Russian president had sent the Russian-Chinese border agreement for ratification by the parliament.

The sides exchanged views on partnership principles, human rights and the two countries' cooperation in the U.N. Security Council.

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Predicts Improvements for Sino-Russian Ties

LD0203200395 Moscow ITAR-TASS in English 1906 GMT 2 Mar 95

[By ITAR-TASS correspondents Grigoriy Arslanov, Vyacheslav Tomilin and Viktor Khrekov]

[FBIS Transcribed Text] Beijing March 2 TASS—"There is every reason to think that the last five years of this century and the start of the next millennium will be marked by unprecedented stability, benevolence and neighbourly relations between the great states which are Russia and China," Russian Foreign Minister Andrey Kozyrev said on the tarmac before leaving Beijing for Tokyo.

Asked by an ITAR-TASS correspondent about results of his talks with Chinese leaders, Kozyrev said: "We in Russia have any reason to be content and proud of such an achievement. This was proven by all my talks in Beijing, including with Chairman of the Chinese People's Republic Jiang Zemin."

The year ahead is abundant in political contacts, Kozyrev said. Premier of the Chinese State Council Li Peng is due to visit Moscow in May. This visit is to give an impetus to economic relations and make border trade more orderly.

"The slack period (of trade) is over, and for this reason there has been some quantitative slump. Now the task is to bring it to a civilised level worthy of the present status of bilateral relations and reforms in Russia and China," Kozyrev said.

The future Moscow visit of the Chinese prime minister will result in a dozen of agreements which are to lay down a legal and financial basis for cooperation and implementation of collaborative projects ranging from nuclear energy to culture, Kozyrev said.

'Optimistic' Note in Kozyrev Beijing Talks

MM0303101295 Moscow IZVESTIYA in Russian 3 Mar 95 p 3

[Report by Vladimir Skosyrev: "Kozyrev Tells Chinese Who Is Boss in Our House"]

[FBIS Translated Text] Beijing—The intra-Russian dispute over the fairness of the border settlement with China has loudly reverberated around the capital of the Celestial Empire. During his talks with Chinese Foreign Minister Qian Qichen, Andrey Kozyrev reaffirmed that Russia will carry out its commitments under the 1991 agreement on the eastern section of the border.

Touching on the calls for the agreement to be revised made by certain leaders of the Russian Far East, the head of the foreign policy department stressed that the Federal Government has the last word on border issues. He also told his partner that the Russian parliament will also shortly be approving an agreement on the western section of the border.

Newspapers and television carried this statement. Minister Qian also made his own comment. According to him, people in China believe that Russia as a unified state will hew to the terms of the accords secured between the two countries. China will strive to speedily conclude the demarcation work in cooperation with Russia.

The debate between the diplomats during the private talks was unexpectedly continued during a reception at the Russian Embassy attended by Deng Rong, the younger daughter and biographer of the supreme leader Deng Xiaoping. "Your statements pleased us greatly," she told Kozyrev. Since Deng Rong does not hold an official post, her opinion most likely reflects that of members of the family, the patriarch's staffers, and, who knows, possibly the patriarch himself.

I asked Deng Rong about her father's health. "He is an old man, but for a man of his age he feels well. He has no particular illnesses," she replied.

Talking to our minister, Deng Rong recalled a typical episode. During the sixties Deng Xiaoping was involved in the "wrangle" between the Chinese and Soviet leaders. But during the eighties he said that it is necessary to put an end to the past and open the future in relations between the two countries. "Although my time for foreign travel is over," Deng continued, "in order to normalize relations with Russia I am willing to go to Moscow."

In a word, Kozyrev's conversations were characterized by an optimistic note. However, despite his hosts' amicable mood Beijing is undoubtedly worried about Moscow's ability to fulfill the border accords and about the development of bilateral trade—after all, last year it dropped by 34 percent.

People in both Beijing and Moscow believe that the situation must be rectified. Chinese Premier Li Peng will be traveling to Russia in May primarily to discuss problems of trade and economic cooperation. The Chinese side also reaffirmed the invitation for B. Yeltsin to visit China.

Kozyrev Leaves China for Japan

LD0203120095 Moscow ITAR-TASS World Service in Russian 1141 GMT 2 Mar 95

[By ITAR-TASS correspondents Grigoriy Arslanov, Vyacheslav Tomilin, and Viktor Khrekov]

[FBIS Translated Excerpt] Beijing, 2 Mar ITAR-TASS)—Russian Foreign Minister Andrey Kozyrev finished his two-day visit to Beijing today and left for Tokyo. [passage omitted]

Kozyrev, Japanese Foreign Minister Discuss 3 Mar Talks

LD0203184095 Moscow ITAR-TASS in English 1825 GMT 2 Mar 95

[FBIS Transcribed Text] Tokyo March 2 ITAR-TASS—Russian Foreign Minister Andrey Kozyrev today travelled on from Beijing to Tokyo for a working visit.

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Kozyrev told ITAR-TASS that he wanted his talks in Japan to be constructive and hoped for a businesslike approach of the Japanese side.

Kozyrev was met in "New-Otani" hotel, which is to be his residence until March 4, by Japanese Deputy Prime Minister, Foreign Minister Yohei Kono.

Kono told Kozyrev in a brief conversation that Tokyo places weight with regular political dialogue with Moscow. However, Kono told ITAR-TASS that he did not expect the talks ahead to yield a lot of results.

During the short meeting, the Japanese foreign minister expressed Japan's gratitude to Russia for its humanitarian aid to victims of the recent earthquake in Kobe.

Kozyrev informed Kono about results of his China visit, saying that relations between Moscow and Beijing were going along well. "Russia would like to have a similar stable level of relations with Japan," Kozyrev said.

Kozyrev and Kono will start their talks on Friday. They will address bilateral and international issues, including fishing in the Kuril Islands area and the situation on the Korean peninsula.

Kozyrev is also to meet on Friday Japanese Prime Minister Tomiichi Murayama and hand him over a message from President Boris Yeltsin.

Kozyrev is visiting Japan in accordance with an earlier Russian- Japanese agreement on regular high-level political dialogue. Signing of any documents is not planned during this visit.

Kozyrev is accompanied by a sizeable delegation of 50 which includes Deputy Defence Minister, chief military expert of the Russian Foreign Ministry Boris Gromov, Central Bank of Russia Deputy Chairman Aleksandr Khandruyev, governors of other Russian banks, Chairman of the Russian Physical Culture and Tourism Committee Shamil Turpishchev, regional administrators of the Russian Far East.

Says Murayama Meeting 'Successful'

LD0303112795 Moscow ITAR-TASS in English 1106 GMT 3 Mar 95

[FBIS Transcribed Text] Tokyo March 3 TASS—Russian Foreign Minister Andrey Kozyrev qualified his Friday [3 March] meeting with Japanese Prime Minister Tomiichi Murayama as "successful".

Speaking to TASS right after the meeting, Kozyrev said he had handed over to Murayama a personal message from Russian President Boris Yeltsin which confirms Russian adherence to the provisions of the Tokyo declaration and the intention to develop good-neighbourly relations with Japan.

Talks With Japanese Government Postponed

LD0303072195 Moscow ITAR-TASS in English 0708 GMT 3 Mar 95

[By ITAR-TASS special correspondent]

[FBIS Transcribed Text] Tokyo March 3 TASS—Russian Foreign Minister Andrey Kozyrev arrived here from Beijing for a working visit late on Thursday [2 March] night. After he had a brief meeting with Japanese Foreign Minister Yohei Kono, the sides took a kind of time-out, postponing the start of official talks until Friday [3 March] night.

A Japanese Foreign Ministry spokesman declined to tell ITAR-TASS why this had been done but diplomatic sources in Tokyo told ITAR- TASS that the programme for the visit had been drawn up with due regard for "the Japanese side's circumstances" which are believed to be connected with the busy schedule of the country's leaders owing to a stormy debate at the ongoing budget session of the Japanese parliament.

Kozyrev is to meet with Japanese Prime Minister Tomiichi Murayama on Friday night and is expected to deliver a message to him from President Boris Yeltsin. The meeting will be followed by a working dinner with Yohei Kono. In all probability, an exchange of views on principal matters of bilateral relations and some international issues will be started during the dinner.

On the eve of the visit Japanese spokesmen had stated that they wanted primarily to discuss prospects for a settlement of the territorial problem. However, the sides, obviously, have no new proposals on that score and will limit themselves to reaffirming the provisions of the Tokyo declaration which had been signed during President Yeltsin's visit to Japan in october 1993.

A discussion on the problem of fisheries in the South Kurils area, where Japanese poaching has developed into a serious problem in bilateral relations, is expected be of more concrete nature. Much attention will apparently be devoted to the current political situation in Russia in the light of the events in Chechnya and a settlement of the North Korean nuclear problem.

Andrey Kozyrev's current visit to Japan is being made in accordance with a bilateral understanding on a regular high-level political dialogue and no documents are to be signed during it. Mr. Kono himself told ITAR-TASS on Thursday that he did not expect great results from the visit.

However, an impressive delegation, consisting of almost 50 members, arrived in Tokyo together with the Russian minister.

Of particular interest in this connection is the arrival of Deputy Minister of Defence Boris Gromov who was recently appointed the chief military expert of the Foreign Ministry. On Friday Gromov is expected to hold a number of separate meetings, including those with the leaders of Japan's National Defence Agency which will receive a Russian military officer of such a high rank for the first time.

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U.S. START-1 Inspectors To Visit Sites Near Kostroma

LD0203141495 Moscow ITAR-TASS in English 1402 GMT 2 Mar 95

[By ITAR-TASS correspondents Mikhail Shevtsov and Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow March 2 TASS—A group of U.S. inspectors arrived on March 1 in Moscow to examine Russia's compliance with the Strategic Arms Reduction Treaty (START-1).

The inspectors are to visit today a nuclear site of the Russian Strategic Missile Troops (RSMT).

ITAR-TASS was told in the Russian Defence Ministry's information department that early on Thursday [2 March] the delegation filed an application for inspecting mobile railway launching installations of a missile base near Kostroma.

Under the provisions of START-1, the Russian Defence Ministry is to bring the inspectors to the base within nine hours of application.

The U.S. inspectors will stay in Russia for 120 days to check 56 nuclear sites. Also subject to inspection are five RSMT's bases temporarily deployed in Kazakhstan and Belarus.

The delegation will conduct similar inspections in Ukraine.

Inspection Team Arrives

MM0203203895 Moscow KRASNAYA ZVEZDA in Russian 2 Mar 95 p 1

[Report by Aleksandr Golts: "First Inspection Begins"]

[FBIS Translated Text] For understandable reasons any inspection can hardly be called a picnic, but on 1 March Russian officers and U.S. officers who had arrived in Moscow for the inspection greeted each other quite genuinely. Because the work for which they have been long preparing has finally begun. The START-1 Treaty came into force last December. The U.S. inspectors' arrival is evidence that the practical implementation of this important agreement has begun.

On 2 March the inspection group, headed by Brigadier General Gregory Govan, director of the U.S. On-Site Inspection Agency, will name a specific facility for inspection and it will be taken there within nine hours. Today the second group of U.S. inspectors is arriving in Ulan-Ude. Gen. Govan said that the Americans had formed 15 10-man inspection groups. And Major General Vyacheslav Romanov, chief of the national nuclear threat reduction, informed journalists that Russian inspectors would leave for the United States 4 March.

Oil Company To Study Oil Project in Iraq

LD0203163095 Moscow INTERFAX in English 1437 GMT 2 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 2 (PIA, Interfax)—The Russian Zharubezhneftegazstroy company operating abroad and the Iraqi State Company of Oil Projects have started drafting the terms of reference of several contracts on restoration and expansion of the Iraqi oil industry, Zarubezhneftegazstroy officials told Interfax's Petroleum Information Agency Thursday.

One of the projects is construction of a 230 kilometer Hadita-Rumeila oil pipeline. Another possibility is installation by Zarubezhneftegazstroy of whose capacity will total nearly one million cubic meters in Iraqi refineries and supply and installation of oil cleaning plants capable of handling 13 to 30 tonnes a day. [sentence as received]

A Zarubezhneftegazstroy official explained that only general conditions of contracts were under discussion because actual operation was out of the question before the economic sanctions against Iraq were lifted.

The investments in these projects are likely to amount to $1.5 billion. Their financing by credits to be repaid with Iraqi oil once the embargo is lifted is being studied.

Before the UN sanctions were imposed, Zarubezhneftegazstroy acted as a Mashimport contractor in constructing a Naseri-Baghdad gas pipeline and a compressor station in northern Rumeila. The pipeline was 95 percent complete before hostilities erupted in the gulf. It was damaged and now needs reconstruction.

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Political Issues

Yeltsin Remarks on Listyev Slaying Reported

MM0303122095 Moscow ROSSIYSKAYA GAZETA in Russian 3 Mar 95 Weekend Edition p 2

[Unattributed report under the general heading: "Killed with a Point-Blank Shot"]

[FBIS Translated Text] The state's first persons have honored the memory of Vladislav Listyev.

The president's press service yesterday reported to ITAR-TASS Boris Yeltsin's statement in connection with the killing of Vladislav Listyev. It states:

"Like millions of Russians, I was shaken by the killing of Vlad Listyev.

"I will do everything possible to ensure that the killers are found and receive deserved retribution."

"I bow my head before you as one of the leaders who have taken insufficient measures to combat banditry, bribetaking, and crime. A tragedy has occurred—a tragedy for the entire 'Ostankino' collective, for all of Russia's journalists, for all of Russia," President Boris Yeltsin declared yesterday, addressing the collective of the "Ostankino" All-Russia State Television and Radio Company. He addressed the television employees in connection with "the cowardly, malicious, banditlike killing of one of the most talented television journalists."

B. Yeltsin pointed out that Listyev's death is not the first instance of losses among journalists. "This means that there are some causes that the state cannot detect—with which the president, the government, the Prosecutor's Office, and administrative organs cannot cope," the head of state declared.

"Afraid of ourselves and afraid of turning Russia into a police state, we are afraid of toughening the struggle against banditry," Boris Yeltsin emphasized. Moscow is particularly noticeable in this respect, according to the president. "There is in Russia no such rampaging crime, irresponsibility on the part of administrative organs, or slovenliness as there is in Moscow," the president declared.

"The dismissal of Moscow's prosecutor and of the chief of the capital's Main Internal Affairs Administration will be too small a price for the life of Vladislav Listyev," the president went on to declare. "This will be fair, but a person's life should not be equated with an official's dismissal."

The head of state reported that yesterday he had sent to the State Duma drafts of new laws on the Prosecutor's Office and on the responsibility of administrative persons. "There are sufficiently tough approaches to make mafia groups shudder," Boris Yeltsin pointed out. "They will be given no quarter, and only in this way can we halt the crime wave that has overwhelmed us."

Investigation Begins Into Listyev Murder; 'Identikit' Issued

LD0203174795 Moscow ITAR-TASS World Service in Russian 1618 GMT 2 Mar 95

[By ITAR-TASS correspondent Olga Sokodova]

[FBIS Translated Text] Moscow, 2 Mar—Members of the investigative team have found two used cartridges, probably from a "Browning" pistol, at the site where journalist Vladislav Listyev was killed. Aleksandr Zvyagintsev, the head of the center for information and public relations of the Russian Prosecutor General's Office, told the ITAR-TASS correspondent that the shots were fired from different weapons by two people. Identikit pictures of the two suspects will be shown on television. It has been announced that a dark-colored foreign made car is being sought.

The investigative team, which includes the most highly qualified employees in the Moscow prosecutor's and the Prosecutor General's Office as well as experienced members of the Russian Interior Ministry and Federal Counterintelligence Service, is headed by Boris Uvarov, senior investigator for especially important matters. Forensic experts have established that Listyev was shot twice: The first bullet hit him in the shoulder, the second—which caused his death—in the head. The necessary investigations are currently under way: Witnesses are being questioned, documents are being collected from Listyev's office, ballistic, detective, forensic, and other necessary expert examinations are planned.

There are several theories on the motives behind the killing. First and foremost among these is the theory that the murder was connected with his duties at work.

There is a contact telephone number: 231-12-73, which people with information that may help the investigation can use.

Initial Investigation Reported

MM0303123795 Moscow IZVESTIYA in Russian 3 Mar 95 pp 1,4

[Report by Arkadiy Zheludkov: "Murder of Vladislav Listyev Shocked Russia. The Consequences Are Hard To Predict. He Was Able To Keep an Audience Right Up to the Last Second. Even After His Death He Has Succeeded in Doing So"]

[FBIS Translated Text] The first call from No. 30, Novokuznetskaya Ulitsa came at 2141 hours 1 March. The 02 service recorded the call and passed it to the 14th Ambulance Brigade duty officer. The medics could not have got there quicker even had they know that Vladislav Listyev, the darling of millions of viewers, was dying.

The medical brigade noted Vlad's death six minutes after the call: At 2120 hours the ambulance was at the scene. Vladislav died in an absurd pose for a fatally wounded

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man—he was sitting cross- legged on the landing near the second-story elevator but he was beyond medical help. His neighbor came home from work and accidentally tripped over the body. After calling the "emergency services," he initially had the absurd thought that Listyev was drunk. Although millions of Russian viewers know that the country's most popular television journalist has long since not taken a drop of the hard stuff, that was easier to believe than the monstrous reality that Vladislav Nikolayevich Listyev had been killed by two pistol shots at pointblank range from behind.

This is what we managed to learn at the scene of the crime where an investigation group was engaged in vigorous activity.

The first bullet, fired from an East European pistol, pierced Vlad's left shoulder. Experts believe that the second shot—for insurance—was fired from the left and from behind. The bullet entered under the left ear and passed through the brain. The fatal piece of lead stopped somewhere around the right eye which caused the dead Vladislav to suffer a huge bruise or hematoma beneath the right eye.

The attache case that the executive director of the new Russian Public Television was carrying has gone missing. It is not known what documents were in this attache case but the people who sent the killer were well aware of Listyev's schedule. Even Vlad's wife thought that her husband would only be coming home for a few minutes. Shortly before his death Vladislav had telephoned home and told his wife that he would drop in briefly at home. His schedule contained an important meeting....

The ambulance was greeted by Vladislav's wife and two neighbors. The medics dialed the police on telephone number 02.

A task force from the 47th police station arrived at the murder scene within three minutes of the call but 10 minutes after Listyev's death.

The journalist's mobile phone was lying on the first floor, intact. And that gave the crime specialists reason to suppose that the first shot hit Vladislav on the first floor—had it fallen down two flights of stairs the telephone might have sufferred at least slight damage.

The neighbors' testimony added virtually nothing to the investigation. Someone claimed that they saw three "strange" women in the apartment block's internal courtyard while someone else saw a dark foreign vehicle heading away from the building carrying two strangers.

None of the neighbors heard the shots: The killers most likely used a silencer.

A team from the Moscow Prosecutor's Office arrived on the scene shortly after the 47th police station task force; their building is a matter of steps from the home where Listyev lived.

At that time the building opposite housed the criminal investigation headquarters led by two generals: Deputy Internal Affairs Minister Abramov, and Kulikov, chief of the Moscow Criminal Police. At the door to the headquarters IZVESTIYA's journalists were told of the preparations for another inspection of the murder scene. At the same time experts from the CEA (the Moscow City Internal Affairs Administration Crime Experts Administration) were already drawing up reports on the work done at No. 38 Petrovka and Kolobovskiy 3 Pereulok—the Crime Experts Center.

The countless journalists who were told that they would be admitted to the building during the second part of the night were just waiting for a miracle.

Murder Seen as Indirectly Linked to Politics

MM0303111495 Moscow IZVESTIYA in Russian 3 Mar 95 p 1

[TV-IZVESTIYA report: "A Professional Who Was Loved By Everyone"]

[FBIS Translated Text] Perhaps no one from the "Vzglyad" program, which started coming out in 1987, had followed such a straight ascending line—up to the very moment of their death. And this is not just a question of the career and last important post of the general director of Russian Public Television (which no doubt was partially the reason for his death). We mean the steady professional ascent, his complete command of his profession, and the high degree of precision and calculation in every new scheme.

Vlad Listyev had no inconsistencies or failures. He always knew what he wanted and carried out everything he had intended at the highest level—since the time when he sat in the same "Vzglyad" studio as Aleksandr Lyubimov, Dmitriy Zakharov, and Aleksandr Politkovskiy—and through the entertaining "Pole Chudes," which came as a surprise to everyone after the political program; "Tema," which combined journalism with a show, and, finally, his personal daily program "Chas Pik," something that is unbelievably difficult for any professional. Vlad Listyev had an incredible flair: He could work out in advance whether something would be successful, he was extremely well-acquainted with the viewers, and he had an excellent knowledge of the structure of the complex mechanism of our television in the post-totalitarian era.

It cannot be ruled out that it was his meticulous and painstaking participation in the process of turning "Ostankino" into a joint-stock company and his desire to turn the planned formula of "public television" into reality that proved to be a nuisance to someone. Vlad was not afraid to take up a risky post at a critical moment in the division of property, when the revolver is considered to be the main argument in defending personal interests.

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The murder of the television star cannot be directly connected with politics—Listyev was far removed from its open and specific manifestations. He never became a deputy, as his "Vzglyad" colleagues did, and he did not politicize his programs. But viewers were able to see quite well what his own personal platform was, and this was a question of beliefs rather than politics.

Most likely his plans and the plans of the people who are transforming "Ostankino" got in someone's way. It is true that the murder can scarcely be directly connected with politics, but it was nevertheless politics, or more specifically the desire to have control of airtime and of the "fourth estate," as well as undivided use of television advertising space (and millions of dollars circulate here)—that led to this terrible act of vengeance against Vlad Listyev and the warning to those who are to continue the privatization of "Ostankino."

It is worth noting that the killing took place a week after rumors arose about the reduction of commercial advertising on the airwaves of "public television."

Shumeyko: Linked to Ostankino Reorganization

LD0203205095 Moscow INTERFAX in English 1916 GMT 2 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 2 (Interfax)—Chairman of the Federation Council (Russian Senate) Vladimir Shumeyko said he believed that the assassination of Vladislav Listyev was linked with reorganizing Ostankino TV Company into Russian Public Television whose director Listyev had recently become.

"I think the roots of the assassination lie in the redistributing of the property and finances," Shumeyko told journalists in Moscow today.

However, Shumeyko agreed that the "vile assassination of the well-known TV journalist is like it or not considered as infringing on the freedom of speech and democratic liberties."

Shumeyko said he was against emergency measures being introduced as a result of the assassination of Listyev which followed the assassinations of other journalists and several parliamentarians. Shumeyko said he was never in favor of introducing emergency measures in the country.

Chernomyrdin Interviewed on Murder

LD0203233295 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 2 Mar 95

[Report on interview with Prime Minister Viktor Chernomyrdin by correspondent N. Chernyshova in the United Kingdom; from the "Vremya" newscast]

[FBIS Translated Text] [Announcer] Viktor Chernomyrdin, head of the Russian Government, called the murder of Vladislav Listyev "an act of banditism" and promised that the government will not spare itself to defend the freedom of speech from any assault.

[Begin recording] [N.Chernyshova] Viktor Stepanovich, our colleague was killed yesterday. It is a great tragedy for Ostankino. But, in my view, it is also a challenge to the state power. The president is the chairman of the board of governors [of the Russian Public Television Company] and its deputy chairman is Ivan Rybkin. What is your opinion of the incident?

[Chernomyrdin] First, I should like to express my condolences to the family, relatives, and friends of Listyev. We all knew him. This is a real tragedy. What is really sad is that people are suffering. They bear such hardships for the sake of transforming Russia—and some villains are trying to knock us out. They will not succeed. I agree, this is a challenge. Not just to the government, to everything we are working for. This is a challenge to our policy and reforms. It will be the matter of honor for all the law-enforcement bodies first of all to find, investigate, and prosecute.

You know, no special instructions of any kind have to be issued here. Enough of these instructions. Didn't we suffer too many losses already? Therefore, I can answer on behalf of the whole government—the government will be doing all that needs to be done. I think that the Ministry of Interior and its leadership have already received orders from the president. This becomes the matter of honor.

[Chernyshova] Will you personally be monitoring this case?

[Chernomyrdin] Not just monitoring. I repeat—me and my colleagues will do everything we have to do for Russia. The lawlessness should be stopped. [end recording]

TV Journalist Blames Yeltsin

LD0203202695 Moscow INTERFAX in English 1916 GMT 2 Mar 95

[FBIS Transcribed Text] Moscow, Mar 2 (Interfax)—The blame for the death of Vladislav Listyev falls on the president of Russia, Artem Borovik, the anchor of the Top Secret program, said at a meeting of Russian journalists in the Ostankino TV studio.

He said he did not know what journalist would fall victim tomorrow or the day after but he visualized a squadron of killers behind whom are the authorities intertwined with the mafia.

Ostankino's former chief, now the editor-in-chief of the Obshchaya Gazeta Yegor Yakovlev ironically called Boris Yeltsin a great reformer because the president could not find a man to fill the position of the country's prosecutor general but dismissed the Moscow prosecutor following the killing of Listyev.

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What is more, the president appointed Interior Minister Viktor Yerin, whom Yakovlev described as a hero of the criminal revolution, to supervise the investigation of Listyev's killing.

Said Yakovlev: "Everything has been sold in this country and everything worthwhile, and I believe that by taking over the Russian Public Channel Listyev started something worthwhile, has to pay a price in blood."

Editors-in-Chief To Demand Meeting With Yeltsin

LD0203185295 Moscow ITAR-TASS in English 1823 GMT 2 Mar 95

[By ITAR-TASS correspondent Tamara Ivanova]

[FBIS Transcribed Text] Moscow March 2 TASS—Right after their emergency meeting, members of the Editors-in-Chief's Club headed for the Ostankino TV centre to demand a meeting with Russian President Boris Yeltsin. They also intend to set up a single centre to conduct a journalist investigation into the circumstances of Vladislav Listyev's murder.

Yegor Yakovlev, editor-in-chief of the newspaper OBSHCHAYA GAZETA, called this morning to suspend for two weeks the publication of all newspapers, but his move met a lot of objections. Thus, Yakovlev's opponents argued that the press should give a wide coverage of Listyev's funeral. Moreover, to silence the mass media is exactly what the popular tv journalist's killers sought for. The only side to lose will be the readers.

At their meeting, editors approved of the suggestion by Vladimir Yakovlev, head of the Kommersant publishing house, that a private bodyguarding service be established for journalists. This issue is to be discussed again shortly. However, some editors believe this measure looks more like self-defence, while journalists' duty is to defend the general public. The same objection was raised against the proposal by Artyom Borovik, editor-in-chief of the weekly "TOP SECRET", to press for parliament to allow journalists to carry arms, if their investigations may pose danger for their lives.

Duma Official: Listyev Murder May Cause Yerin's Resignation

LD0203130595 Moscow INTERFAX in English 1141 GMT 2 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 2 (Interfax)—The murder of TV journalist Vladislav Listyev testifies to the fact that "a civil war is being waged in society—an open war in Chechnya and a hidden war here." Chairman of the State Duma Security Committee Viktor Ilyukhin (Communist Party faction) expressed this opinion in an interview with Interfax Thursday.

According to Ilyukhin, law enforcement bodies are developing several versions of this murder, but the major one circles around the creation of the Public Russian Television (Listyev was its general director).

Ilyukhin said it was possible the issue of the resignation of Russian Interior Minister Viktor Yerin would again be raised in the State Duma in as he is in charge of "internal security of citizens and fighting against crime."

At the same time, Ilyukhin noted that the chamber has already recommended to Yeltsin to release Yerin from his post, after the murder of State Duma deputy Andrey Ayzderdzis in April 1994, however, Yeltsin ignored the deputies' appeal.

"The executive structures are unable to protect Russians, they are unable to implement any program, including the social-economic one, there is only one way out of this dead ally—replacing the government and a change of course," Ilyukhin believes.

May Prompt Duma No-Confidence Vote

MM0303133995 Moscow IZVESTIYA in Russian 3 Mar 95 p 4

[Report by Sergey Chugayev: "State Duma Deputies Do Not Rule Out the Possibility of Mass Repressions Beginning"]

[FBIS Translated Text] Judging by the reaction of deputies in the lower chamber of parliament to the murder of V. Listyev, it cannot be ruled out that the question of confidence in the government will be raised at the next plenary sitting of the Duma. In any case, it is practically settled that the question of the dismissal of the internal affairs minister will be raised. At the same time, it is characteristic that the deputies, who adhere to various political views, are unanimous that the murder of the famous television journalist can give the executive an excuse to conduct mass repressions.

"The murder is shocking in its audacity and cynicism," V. Ilyukhin, chairman of the Duma Committee for Security, told your IZVESTIYA correspondent. "There is a civil war going on in Russia. In Chechnya it is overt, in Moscow, covert."

According to V. Ilyukhin, who, as we know, is one of the leaders of the communist faction, the murder of V. Listyev has proved once again that the executive is not capable of protecting the Russians. Over 30,000 homicides have been committed in the country in the past year. In the space of one year, Russia has lost more people than during the entire Afghan war. The head of the Security Committee sees the solution to this situation in a change of the government which, he believes, has not implemented a single one of its programs, as well as in a change in the political and economic course. At the same time, V. Ilyukhin stated his concern that V. Listyev's murder may givethe authorities an excuse to launch mass repressions.

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The leader of the Security Committee recalled that the president has rejected a number of laws adopted by the Duma which were aimed at strengthening the struggle against crime, and indeed he has also refused to dismiss the internal affairs minister at the demand of the deputies. V. Ilyukhin believes that V. Yerin's dismissal is vital. However, he considers that undermining the economic and financial base of crime is the most important element in the struggle against it. But, according to V. Ilyukhin, that is precisely what the executive is opposed to.

The committee leader reported that, according to information at his disposal, the investigation into the case of V. Listyev's murder has already come up with two possible versions. The first is that the murder was connected with the journalist's activity as chief of the television and radio company. The second is that it was in retaliation for the arrest of A. Vedenkin. At the same time, V. Ilyukhin stressed that the second version seems dubious to him.

Some opponents of the Communists—members of the "Russia's Choice" faction—are also concerned at the possibility of such actions by the authorities in the struggle against crime, which could entail mass violations of human rights. According to B. Zolotukhin, deputy chairman of the faction, a well-known lawyer and member of the Committee on Legislation, the murder of V. Listyev could quite possibly prompt both representatives of the executive and certain legislators to adopt decisions of an openly repressive nature.

B. Zolotukhin stresses that not a single one of the so-called "high-profile" murders of recent years, starting with the killing of A. Men, has been solved yet. The edict of the president on measures to boost the struggle against crime has not changed the crime situation in the country, and V. Listyev's murder is only proof of this. But, on the other hand, numerous violations of human rights have already been recorded during its implementation. Meanwhile, in previous years, similar "high-profile murders" were solved within a period of three to four months. Consequently, the deputy draws the conclusion that this is not a question of insufficiently tough legislation, as is repeatedly claimed by representatives of law enforcement organs. B. Zolotukhin believes that the reason for the present state of affairs as regards crime in the country is either the incompetence of the leadership of the Ministry of Internal Affairs and the Federal Counterintelligence Service, or the corrupt nature of the law enforcement organs. That is why the "Russia's Choice" faction intends to demand the dismissal of V. Yerin and S. Stepashin at the next plenary sitting of the State Duma. (endall) 3 Mar en/Zolas/dp 03/1425

Yeltsin Dismisses Moscow Procurator, Internal Affairs Chief

LD0203123895 Moscow Radio Rossii Network in Russian 1200 GMT 2 Mar 95

[FBIS Translated Excerpt] A meeting to mourn the tragic death of journalist Vladislav Listyev took place at Ostankino today. [passage omitted]

At the meeting in Ostankino, President Yeltsin announced his instruction to remove Gennadiy Ponomarev, Moscow's procurator general, and General Vladimir Pankratov, the head of the city's main directorate of internal affairs, from their posts.

Dismissal Causes 'Bewilderment'

LD0303104295 Moscow ITAR-TASS World Service in Russian 0924 GMT 3 Mar 95

[By ITAR-TASS correspondent Larisa Kislinskaya]

[FBIS Translated Text] Moscow, 3 Mar— So far the president's intention to remove Gennadiy Ponomarev from the post of Moscow prosecutor has not been implemented. Together with Vladimir Pankratov, head of the capital's chief internal affairs department, he was held responsible for allowing the death of television journalist Vladislav Listyev to take place. An ITAR-TASS correspondent learned today that the official document to this effect has so far not arrived and Gennadiy Ponomarev continues to discharge his official duties.

At the same time, the nature itself of the Russian president's statement at yesterday's meeting with staff of the "Ostankino" State Television and Radio Company caused bewilderment among the professionals of Moscow's law enforcement bodies. Gennadiy Ponomarev is described as one of the country's best prosecutors. Operational staffers of the Moscow city procuracy, interdistrict prosecutors, and the detectives of the criminal services of the Moscow chief internal affairs department note the professionalism, industry, honesty, and responsibility of Moscow's prosecutor.

The results of a sociological poll carried out by the Institute of Prosecutors among professionals have shown that the overwhelming majority of the respondents have said: "Ponomarev kept his reputation and the reputation of the city procuracy," "the law was the main criterion for his actions," "in the conditions of political contradictions and the inconsistency of the top leadership of the Russia's General Procuracy Ponomarev is guided by the law."

Uncertainty Surrounds Dismissal

MK0303085095 Moscow SEGODNYA in Russian 3 Mar 95 p 2

[Report by Artem Vetrov under the "Orders" rubric: "President Fires Those Who Should Solve Vladislav Listyev's Murder"]

[FBIS Translated Text] The statement on the removal of Moscow Prosecutor Gennadiy Ponomarev and Vladimir Pankratov, chief of Moscow's Internal Affairs Main Administration [GUVD], made by President Yeltsin yesterday, struck the law-enforcement communities of Moscow and Russia as a bombshell. Although such rumors began circulating several years ago and very rarely subsided, hardly anyone could have imagined that

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the fate of a prosecutor and a militia chief can be decided by just one single—albeit vocal—crime. And that less than 24 hours after it was committed, when Vladislav Listyev's murderer could not have been found for purely technical reasons. But the strangest thing of all was discovered after the statement was made.

SEGODNYA correspondents tried to find out who was tasked by the president with dismissing the prosecutor and the GUVD chief, when, in what form, and what the stated grounds for the dismissal were. By yesterday evening not a single person knew, either at the GUVD or in the Moscow prosecutor's office (or at least they could not officially confirm it). Spokesmen for these agencies said that both Gennadiy Ponomarev and Vladimir Pankratov still held their respective positions. Moreover, the Moscow prosecutor was at the Russian Federation General Prosecutor's Office in the afternoon "on other business," as your SEGODNYA correspondent was told, while the Moscow GUVD chief was away at the time on a business trip for several days. Official representatives of the Russian Federation Internal Affairs Ministry and the General Prosecutor's Office could not say anything definite on the matter, either. They said they did not receive any directives on removing Messrs. Pankratov and Ponomarev and learned about the president's decision from television and radio coverage of the meeting in "Ostankino." The press services of the president himself and Moscow City Hall were no more enlightened on the matter. Thus, the sole conceivable conclusion that springs to mind is that there has been no official directive on removing the Moscow prosecutor and the GUVD chief.

Given that, it is fairly hard to guess the specific purpose (or lack of purpose, which cannot be ruled out either) for which Mr. Yeltsin "unofficially" fired the prosecutor and the militia chief. But, in specialists' view, statements that were present in the presidential speech indicate fairly clearly that Vladislav Listyev's murder is bound to draw a political reaction. In all likelihood, it will supply a pretext for launching yet another large-scale campaign of crime fighting. Judging from the experience of previous years, however, such campaigns tend to bear reference to upcoming political events, such as elections, referendums, and so forth. For the fight against crime is very instrumental in terms of boosting the image of its organizers. The only novelty this time, specialists think, may be more resolute actions by the authorities.

The president's resolve is unlikely to affect efforts specifically to solve Vladislav Listyev's murder, however. For it is well known that it is militia officers and prosecutor's office staffers, not politicians, who solve crimes. Judging by Mr. Yeltsin's sentiments, however, these—at least the incumbents—are not particularly trusted.

Ilyushin: No Foreign Visits for Yeltsin in Mar

LD0203140795 Moscow Mayak Radio Network in Russian 1200 GMT 2 Mar 95

[FBIS Translated Text] Boris Yeltsin has confirmed a busy schedule for March, Viktor Ilyushin, the Russian president's first aide, said. This month Boris Yeltsin intends to visit a number of Russia's territories, Viktor Ilyushin said, without going into detail. The head of the state will continue international contacts with heads of CIS and European states. At the same time, the Russian president has no plans for foreign visits in March.

Yeltsin, Rybkin Meet To Discuss 'Fight Against Crime'

LD0303135395 Moscow ITAR-TASS World Service in Russian 1252 GMT 3 Mar 95

[FBIS Translated Text] Moscow, 3 Mar—In connection with the murder of television journalist Vladislav Listyev, Russian President Boris Yeltsin stressed today during his meeting with State Duma Speaker Ivan Rybkin that it was necessary to speed up parliamentary work in the sphere of legislation on the fight against crime.

The press service of the Russian president has said that Yeltsin and Rybkin discussed mainly issues relating to the implementation of the presidential annual message to the Federal Assembly.

In connection with the forthcoming election campaign, Yeltsin and Rybkin also discussed the possibility and the necessity of preventing the parliament from passing populist economic bills. They also talked about improving, in general, the work on draft laws at the State Duma.

Nuclear & Space Issues

Space Forces Launch Military Earth Satellite

LD0203181295 Moscow INTERFAX in English 1639 GMT 2 Mar 95

[FBIS Transcribed Text] Moscow, Mar 2 (Interfax)—Today, March 2, at 16:00 Moscow time, Russian Space Forces launched from the Plesetsk cosmodrome the "Kosmos-2306" artificial space satellite. The satellite was launched with the help of the "Kosmos" booster for military purposes.

Kosmos-2306 Satellite Put Into Orbit

LD0303103195 Moscow ITAR-TASS in English 1018 GMT 3 Mar 95

[By ITAR-TASS correspondent Viktor Gritsenko]

[FBIS Transcribed Text] Moscow March 3 TASS—The Cosmos-2306 satellite, launched by the Russian military-space forces, has been put into orbit, which is close to the calculated one. The parametres are:

—The period of revolution—99.3 minutes,

—The maximum distance from the earth's surface—519 km,

—The minimal distance—472 km,

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—The inclination of the orbit—65.5 degrees.

The launching in the interests of the Defence Ministry was done with the help of the Cosmos-3M carrier rocket. The rocket was launched off the Plesetsk space-launch complex on Thursday [2 March] at 16.00.

Inspection of Nuclear Forces To Build 'Mutual Confidence'

LD0303104795 Moscow ITAR-TASS in English 1036 GMT 3 Mar 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow March 3 TASS—Mutual inspection of nuclear forces under the START-1 treaty opens up a path leading to the ratification of subsequent strategic arms reduction agreements, according to Boris Zhelezov, an expert of the Russian National Security and International Relations Centre.

Zhelezov said in an exclusive interview with ITAR-TASS today that the current inspection of Russia's compliance with the terms of its agreement with America will help build more mutual confidence between the Russian Federation and the United States.

This is necessary to speed up the process of ratification of the START-2 which gives Russia a more favourable position in ensuring its national security, Zhelezov said.

The ratification of the treaty will lead not only to a considerable reduction of the two countries' nuclear arsenals but it will also toughen the verification procedures, he said.

The political and scientific circles in the United States ever more frequently voice concern over the possible instability of the situation in Russia.

According to foreign analysts, implementation of START-2 provisions could serve as a stabilising factor in relations between the two powers, Zhelezov pointed out.

"We also stand to gain from implementing this treaty because the United States will have to reduce its nuclear arms on a much greater scale, and, in addition, because of its economic difficulties, Russia cannot afford sufficient funding of its nuclear triad and maintain its combat readiness," Zhelezov said.

Under-funding will inevitably lead to scrapping nuclear weapons before their warranty expires, the expert said. There is nothing to replace them with as the Defence Ministry has no money to purchase new systems and complexes because of budget restrictions. For this reason, it is to Russia's benefit to have the nuclear forces of the two countries "equalised" while retaining their national security sufficiency.

According to Zhelezov, the ratification process which has begun in the United States is likely to run against obstacles in the State Duma. He said stumbling blocks can include ambitions behind a smoke screen of speculations aiming to play on people's patriotic sentiments and politicking which is inevitable during the election campaign in Russia.

Federal Assembly

Duma Speaker Rybkin Comments on Listyev Murder

LD0203190995 Moscow INTERFAX in English 1639 GMT 2 Mar 95

[FBIS Transcribed Text] Moscow, Mar 2 (INTERFAX)—Speaker of the Russian State Duma Ivan Rybkin believes that not only leaders of the Moscow law-enforcement bodies must bear responsibility for the murder of Vladislav Listyev. He made this statement in an interview with journalists, commenting on the Russian president's statement at the meeting with the personnel of the TV and Radio Broadcasting Company, Ostankino. Boris Yeltsin said that he had sacked Moscow Prosecutor Gennadiy Ponomarev and Chief of the Moscow Interior Department Vladimir Pankratov.

Rybkin said that some parliamentary factions believe it is necessary to hear at the Duma plenary meeting on March 10 the reports of leaders of federal law-enforcement bodies due to the murder of the journalist. This, he said, is necessary "so that together with the president and the government we shall be able to take concrete measures." At the same time, Rybkin pointed to the importance of the fact that these measures "must be within the constitutional legal framework".

Rybkin expressed the hope that the Duma's recent law on combating organized crime will be backed by the Federation Council (Russian Senate) and the president.

Answering the question what, in his opinion, is the main danger for this and other similar crimes, Rybkin said that "Russia is losing talented people, remarkable personalities of the new pro-reform generation, and these losses cannot be replenished."

Federation Council Appeals to Yeltsin Over Central Bank Law

LD0203233695 Moscow ITAR-TASS World Service in Russian 1600 GMT 2 Mar 95

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[FBIS Translated Text] Moscow, 2 Mar—The Federation Council today adopted an appeal to the president of the Russian Federation in connection with the amendments that the State Duma proposed making to the RSFSR [Russian Soviet Federative Socialist Republic] Law: On the Central Bank of the RSFSR. The deputies asked Boris Yeltsin not to sign this law and to propose to

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the State Duma and the Federation Council that they set up a conciliation commission to carry out further work on it.

At the beginning of February the Federation Council turned down the federal law: On introducing amendments to the law of the RSFSR on the Central Bank of Russia, which the State Duma adopted in January, and proposed setting up a conciliation commission. However, the State Duma held a second vote and by a two-thirds majority overcame the upper chamber's veto.

In the opinion of the majority of Federation Council deputies, the law runs counter to several provisions of the new Russian Constitution. In particular the law states that the Central Bank is not responsible for the obligations of the state and the state is not responsible for the obligations of the Bank of Russia. However, the Federation Council considers that this should not absolve the state of responsibility for the obligations of its bank. The new amendments give the bank a special status that is different from the status of the bodies of state power. Deputy Yuriy Boldyrev who played an active part in preparing this matter for the chamber's session said that it was essential to provide a precise definition of the bank's status precisely as a state institution.

Duma Investigates Paper's Claims About Most-Bank

MM0303132595 Moscow ROSSIYSKAYA GAZETA in Russian 2 Mar 95 First Edition p 3

[IMA-PRESS report: "Do Not Trust But Verify. IMA-PRESS on 'Most-Bank'"]

[FBIS Translated Text] As of October 1993 the "Most-Bank" security service comprised 650 people armed with small arms and gas weapons. This is said in a document drafted by the State Duma Security Committee after a check on the article "Snow Falling" published by ROSSIYSKAYA GAZETA. IMA-PRESS has learned that the memorandum says that "in terms of numerical strength, organization, and arms, these people represent a major force which does not in practice come under Russian MVD [Ministry of Internal Affairs] jurisdiction."

The hard currency operations which "Most-Bank" has carried out over the last few years contravene current currency legislation and Central Bank of Russia normative documents. That was the conclusion reached by the Federal Service for Currency and Export Controls on the basis of a spot check on documents pertaining to the bank's activity. IMA-PRESS learned that "Most-Bank" is charged in particular with "carrying out transactions involving the movement of capital without a Russian Central Bank license (permit)." Among others this applies to the loans granted to the NTV Television Company. The memorandum signed by Viktor Ilyukhin, chairman of the Duma Security Committee, setting out the above facts also notes that the bank "transfers funds abroad for a period of over 180 days."

Regional Affairs

Reportage, Commentary on Conflict in Chechnya

'Extract' From Grachev Speech on Operation

MM0203142395 Moscow KRASNAYA ZVEZDA in Russian 2 Mar 95 p 2

[Extract from Russian Defense Minister Grachev's speech to 28 February assembly of armed forces leadership: "We Must Proceed from the Fact that This Was a Special Operation; From the Speech Delivered by Army General P. Grachev at 28 February Assembly of Armed Forces Leading Personnel"]

[FBIS Translated Text] As we know, right now Dudayev and his entourage are organizing bases of resistance in the republic's Southern and Southeastern regions, including the hamlets of the mountainous part of Chechnya, and are preparing for acts of subversion and terrorism in the rear of the Russian troops' grouping. Dudayev's supporters as a rule are taking a direct part in armed resistance to the federal forces or are supporting him by other means.

To slogans of bellicose nationalism and separatism efforts are being built up to drag the population of the North Caucasus regions bordering on Chechnya into the armed resistance to the federal authorities. Under pressure from nationalist organizations and Dudayev's special services armed groups continue to be sent to Chechnya from several North Caucasus republics. Psychological warfare means are being used with a view to provoking an adverse reaction from the Chechens to the actions of the Russian leadership.

The regime's ringleaders are controlling part of the forces and are reckoning, if the scales of the operation which the federal authorities are carrying out are reduced, that they will manage to survive and retain the opportunity to continue their illegal actions. In this connection we should expect that there will be acts of terrorism on Chechen territory for some time to come.

We have also have sufficient evidence of the adverse influence which Dudayev's Chechnya is exerting on the geopolitical situation in the Caucasus region as a whole. Nevertheless, I want to stress once again that the Russian Armed Forces have fulfilled the tasks of the first stage of stabilizing the situation in Chechnya.

Before switching to a description of the troops' operations I shall recall the situation which had taken shape in Chechnya by the time the operation started. Having, in contravention of all political and legal norms, proclaimed Chechnya's independence, Dzhokhar Dudayev during the years he was in power had in fact turned the

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republic into a zone of crime where illegal armed formations had started to perform the functions of their own armed forces. There were repeated threats from Groznyy that nuclear weapons would be used and acts of "nuclear terrorism" committed, which can be described as overt blackmail. Plans were elaborated in Chechnya providing for the delivery of air strikes to important state and military establishments of the Russian Federation, with the taking out of which the course and outcome of fighting in the region was linked. We have confiscated all these documents.

Dudayev recruited for high wages up to 6,000 mercenaries from the Baltic states, Tajikistan, Azerbaijan, Ukraine, Afghanistan, Turkey, and other foreign states. Many particularly dangerous criminals and recidivsts (according to the estimate of the Russian Federation MVD [Internal Affairs Ministry over 1,200 men) found cover from Russian justice in the bandit formations. Dudayev's mercenaries include, although their numbers are small, some Russians tempted by the opportunity to earn money in this war. Cases are known attesting to the fact that a considerable proportion of the money criminally removed from Russian banks by the Chechen mafia is working for this war.

Dudayev's bandit formations had several dozen tanks, infantry fighting vehicles, and armored personnel carriers, modern artillery systems, "Grad" multiple rocket launchers, a large quantity of antitank and air defense weapons, and over 50,000 firearms. The legitimate question arises: Where did these weapons come from? The Defense Ministry has issued an official statement on the subject. We hope that the competent commission will establish the true facts and answer this question.

And so by the end of last year objective conditions had taken shape such that it became impossible to preserve Russia's territorial integrity and the operation of constitutional norms on the territory of the Chechen Republic without disarming all the Dudayev regime's illegal armed formations and introducing constitutional order. In the situation which had taken shape, on 29 November 1994 the Russian Federation Security Council examined the question of "restoring constitutional legality, law and order, and peace in the Chechen Republic." On the same day an appeal from the Russian Federation president was published in connection with the events in Chechnya. On 30 November 1994 in connection with the continuation of the armed conflict in the Chechen Republic and the failure to obey demands for a ceasefire, the surrender of weapons, the dissolution of the armed formations, and the liberation of all citizens captured and detained by force, in connection with deaths among the civilian population, and in accordance with article 88 of the Russian Federation Constitution, the Russian Federation president's edict no. 2137ss was published "on measures to restore constitutional legality and law and order on the territory of the Chechen Republic."

This edict created a group to lead actions for the disarmament and abolition of the armed formations and for the introduction and maintenance of a state of emergency on the territory of the Chechen Republic and included the following: P.S. Grachev (leader), N.D. Yegorov, V.F. Yerin, A.S. Kruglov, A.S. Kulikov, A.I. Nikolayev, V.N. Panichev, B.I. Pastukhov, A.V. Starovoytov, S.V. Stepashin, and also P.P. Shirshov, and S.N. Yushenkov (the latter two by agreement with the chairman of the Federal Assembly chambers). In accordance with the edict the defense minister, as the group's leader, was given the relevant rights and powers.

The plan of measures determined the tasks of the ministries and departments and the deadlines for their fulfillment. In particular, considering the situation which had taken shape and the impossibility of resolving the conflict by political means, the Russian Federation president assigned the Combined Grouping of troops the following tasks:

1. Stabilizing the situation in Chechnya;

2. Disarming the illegal armed formations;

3. Restoring legality and law and order in accordance with the Russian Federation legislative actions.

To fulfill the tasks assigned to the Defense Ministry I defined the following **concept of operations.**

With a view to disarming the illegal armed formations and confiscating weapons and ammunition from the population the formations and units of the Russian Federation Defense Ministry in collaboration with the internal troops of the MVD and Russian FCS [Federal Counterintelligence Service] were instructed to conduct a special operation.

At the first stage for seven days (29 November through 6 December) a grouping of forces and means of the Defense Ministry and MVD internal troops was to be created for operations on three salients: the Mozdok, Vladikavkaz, and Kizlyar salients. By 5 December the assembly areas were to be occupied for conducting the operation. Frontal aviation and combat helicopters were to be rebased to the airfields where they were to be used by 1 December. The air space above Chechnya was to be completely blocked. The electronic warfare facilities were to be made ready to jam the armed formations control systems.

At the second stage (7-9 December) it was planned to use the actions of the three troop groupings under cover of frontal and army aviation to advance along five routes on the city of Groznyy and blockade it. It was planned to create two blockade circles, the outer along the republic's administrative border and the inner around Groznyy. The troops' main efforts were to be concentrated on the blockading of Groznyy and the disarming of the illegal armed formations. It was planned to use some of the

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forces to blockade the population centers held by the illegal armed formations outside Groznyy and to disarm them.

The forces and means of the Russian Federation MVD internal troops, following the troops groupings, were to guard communications and routes. They were to prevent actions by illegal armed formations and impede approach marches by armed groups and detachments from territories adjacent to Chechnya. Subsequently in conjunction with Armed Forces units they were to enter the Groznyy blockade regions.

The Russian FCS in conjunction with Russian Federation MVD special subunits was to uncover and isolate the leading officials of Chechnya's state structures and the leaders of the opposition parties who behind the active troops could head armed actions and acts of subversion.

At the third stage (10-13 December) the actions of the troop groupings' formations and units from the North and South with a dividing line along the Sunzha river were to seize the "presidential palace" and government, television, and radio buildings and other important establishments together with Russian MVD and FCS special subunits. Then they were to continue the disarming and confiscation of combat vehicles and arms.

At the fourth stage it was planned over the course of five to 10 days through the actions of the troop groupings' formations and units to stabilize the situation, handing over sectors of responsibility to the Russian Federation MVD internal troops.

In accordance with this concept the General Staff in conjunction with representatives of the collaborating ministries and departments embarked on planning and preparing the operation and the organization of the collaboration of the armed forces formations and units among themselves and with Russian Federation MVD formations and units.

This was in practice the first time such an operation had been planned and it had a number of special features:

—first, formations and units of four branches of the armed forces, the border and internal troops, and FCS forces and means were used to implement it;

—second, such operations using forces and means distinguished by the specific nature of the solution of the missions assigned them had not previously been conducted on Russian territory and in fact the power structures lacked experience in preparing and mounting them;

—third, the combat mission had to be fulfilled on the territory of a republic of the Russian Federation, which demanded unusual and nonstandard solutions and approaches in planning the action. That is, what was being planned was not an army operation under the conditions of a local or other war on the territory of an adjacent state or event on our own territory. What was being planned was a special operation. It is from that fact that we must proceed in assessing the troops' actions.

To render aid to the leadership of the North Caucasus Military District in planning and preparing the operation and in collaborating and coordinating the actions of the power ministries and departments the Defense Ministry created a task force headed by Lieutenant General L.P. Shevtsov, deputy chief of the General Staff Main Operational Directorate, which arrived in Mozdok 30 November.

Direct leadership of the planning, preparation, and conducting of combat operations was assigned to the North Caucasus Military District commander. In accordance with the directive the orders were to complete the detailed elaboration of a plan of action and plans for the use of troops by 5 December 1994. By that date a package of troop training measures was to be completed.

When planning and preparing the operation the directive demanded that the North Caucasus Military District commander:

—pay special attention to questions of organizing collaboration and also ensuring the continuity of the troops' control at all stages of the operation;

—ensure the painstaking planning and full backup of the forthcoming operations;

—organize the high-quality training of the personnel and preparation of arms and equipment. During the operation he was to prevent rash steps causing losses of personnel. He was to pay special attention to organizing collaboration and mutual recognition between aircraft and the ground troops;

—in training the personnel pay special attention to specific features of operation in a large population center. Ensure the training of forward air controllers, artillery observers, and march support detachments;

—organize continuous rear services for the troops involved in the operation, both during its preparation and its implementation;

—organize and implement medical backup for the troops' movement forward and combat operations, paying special attention to the prompt pinpointing of wounded, the rendering of all types of medical aid to them, evacuation to medical units and institutions, and maintenance of the epidemiological safety of the troops brought in.

All this was prescribed by the General Staff directive. The documents which were elaborated were submitted to the defense minister for approval by the North Caucasus Military District commander 5 December 1994 in Mozdok.

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Alongside the planning of the troops' forthcoming actions units and subunits were brought forward and moved with a view to creating troops groupings the formation began of additional reserves in other military districts to reinforce the existing grouping and provide additional personnel, weapons, and equipment for the formations and units.

I stress that the brunt of the burden in resolving the tasks set in Chechnya rested with the Armed Forces—and to this day rests with them—and primarily on the units and subunits of the ground forces and the airborne troops. So populist statements by individual high-ranking members of the military regarding the thoughtlessness, poor planning, preparation, and leadership of the troops' actions in this operation are, to put it mildly, unfounded. And to be frank by using these statements they wanted rather to cover up their own unsoundness and in some cases simply their cowardice. We know the names of these people. It is difficult and painful to say this but it is necessary.

Generals and officers of the General Staff and the Defense Ministry main and central directorates and chiefs of the categories of troops took an active part in practical work to render aid to the commanders in preparing for the forthcoming operations. The results of this work showed that the commanders of some formations and units had failed to pay due attention to maintaining equipment and weapons in a state of combat readiness. Under these conditions additional exercises were planned and carried out in the units and subunits both for individual training and for the subunits' combat teamwork training. All these measures carried out under the leadership of and with the direct participation of generals and officers of the Defense Ministry central apparatus, made it possible rapidly to considerably improve the standard of training of units and subunits.

Within preparation for the forthcoming operation work was done to organize collaboration. At the district-grouping level this work was performed 6-7 December on a mockup of the terrain by the district chief of staff with the participation of officers of the General Staff and Defense Ministry.

During the preparation of the operation the Russian Federation leadership made efforts to resolve the Chechen crisis by peaceful means, through negotiations. During work in Mozdov 5-6 December I asked for the continuation of talks to regulate the armed conflict in Chechnya by peaceful means in order to avoid further bloodshed. To this end I voiced the readiness to meet with representatives of the opposing sides at any level. Such a meeting took place with the leaders of the opposition (Avturkhanov, Khadzhiyev, and Gantemirov) 6 December. On the same day I met with Dudayev. Dudayev was aware of the hopelessness of his situation given the development of events involving the introduction of troops into Chechnya. At the same time he explained unequivocally that he was hostage to his entourage and could not fulfill the demands made on him for the unconditional disarmament and dissolution of the armed formations.

After fulfilling each stage of the plan which had been elaborated we provided for the adoption of measures to resume the negotiations process for the political solution of the entire problem as a whole but with the unvarying demand that all illegal armed formations be disarmed. The transition to each subsequent stage was to be effected only if there was a refusal to meet these demands. But Dudayev and his supporters did everything to deadlock the negotiations process and most importantly to gain time.

In connection with the situation which had taken shape on 9 December the Russian Federation president's edict no. 2166 "on measures to halt the activity of illegal armed formations on the territory of the Chechen Republic and in the zone of the Ossetian-Ingush conflict" was issued. On the same day the Russian Federation Government decree no. 1360 was adopted steering a course toward the disarmament of the illegal armed formations on the territory of the Chechen Republic by forcible methods.

On the basis of these documents the procedure was specified for fulfilling the tasks and, by a Russian Federation Defense Ministry directive, was notified to the North Caucasus Military District commander. This directive instructed the North Caucasus Military District commander to plan the implementation of a special operation to blockade the territory of the Chechen Republic. Here two borderlines (circles) of the blockade were to be envisaged: the first around the city of Groznyy (according to the existing plan), and the second along suitable borders, including the republic's administrative border.

The decision of the North Caucasus Military District commander was approved by myself. Readiness for moving forward the troops was set at 0700 hours 11 December 1994.

In all 10 days were assigned to additional training of the units and subunits and their combat training in the assembly area. The main work to organize collaboration in the department-platoon-company-battalion echelon was done 8-9 December with practical exercises with materiel.

Now about the dates for the troop operation. The power structures and in particular the Defense Ministry are being criticized quite sharply for their alleged inability to resolve the set tasks in the Chechen Republic professionally and swiftly.

Here some clarity must be introduced.

First, as regards the actual nature of the operation. I repeat once again that the "blitzkrieg" to which the authors of some items refer was never planned by us...not

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even initially. Everyone understood that in operating on our own territory we could not fail to consider the fact that we had before us not only bandit formations and not so much bandit formations but primarily a civilian population. Proceeding from that fact we could not operate strictly in accordance with military precepts. Here there was an utterly atypical scenario and consequently different rules, different laws, and a different pace applied. The army was far from indifferent to where it was shooting and at what target. So we had to stop the convoys for several days whenever the gunmen drove women and children before us. If it had been a military operation carried out according to all the classic precepts then any obstacles would naturally have been shot away.

In accordance with the instructions issued, at 2200 hours 10 December 1994 the North Caucasus Military District commander reported the readiness of the combined troop groupings to carry out the operation. The troops began to be moved forward in an organized manner at 0700 hours 11 December.

Proceeding from the situation which was taking shape on the troops' itinerary the combined grouping command paid close attention to the three Southern routes passing through the territory of the Ingush Republic, where Dudayev's influence was quite great and where, according to our calculations, we might meet with considerable resistance from the civilian inhabitants and Chechen armed detachments.

Of course, the question may arise: Why were these precise routes chosen? I shall reply: We were seeking primarily to safeguard men, equipment, and weapons. By passing through population centers the servicemen wanted to convince the population yet again that a peaceful settlement was essential and that the demand for the voluntary surrender of weapons should be fulfilled immediately. Unfortunately, these expectations were not justified.

With the start of the advance, the troops met with resistance on the territory of Ingushetia, and the population blocked the troops' route. The convoys were forced to slow down, and—on some routes—to stop. The lack of collaboration between the Armed Forces and units of the Russian Federation MVD played a part in this.

Thus, the 76th Airborne Division and the 21st Separate Airborne Brigade were halted by residents of the settlement of Verkhniye Achaluki, who lay down in the road and would not let the convoy through. The lack of resolution on the part of the command, which took no steps to bypass this settlement, resulted in the convoy's having to return to its starting point.

Unfortunately, it was on Ingush soil that the troops suffered their first casualties. The 19th Motorized Infantry Division convoy, advancing and encountering opposition from civilians and bandit formations as well as open resistance from staffers of the Ingushetia MVD in the city of Nazran, suffered the first losses in personnel and equipment. Seventeen vehicles were set on fire, and they were mainly medical and communications vehicles, so that doctors, including women, were among the casualties. In all we lost 47 pieces of hardware on Ingush territory.

The convoy of the 106th Airborne Division and the 56th Separate Airborne Brigade, while advancing, was subjected to a strike from a multiple rocket launcher from the region of the settlement of Dolinskiy, as a result of which six people were killed and 13 wounded. In effect, this was the commencement of hostilities.

Resolute actions by the commanding officers of the 8th Army Corps (Lieutenant General L. Rokhlin) and the 131st Separate Motorized Infantry Brigade (Colonel A. Savin) make it possible in a short space of time to fulfill the tasks facing them, attract to themselves a large part of Dudayev's armed formations, and thereby considerably alleviate the tasks of the troops on the southern routes. This subsequently enabled the troops to blockade Groznyy from the north, east, and west and thereby interrupt supplies of material resources and ammunition and the movement of gunmen from the territory of Dagestan to reinforce Dudayev's groupings in the city and the suburban districts. Here I wish to note that the southern part of Groznyy was deliberately left clear to provide a way out of the city for civilians and armed detachments who were prepared to surrender their arms and cease resistance.

In all, the stage of advancing and blockading took the troops 16 days (11 through 26 December). Everything possible was being done to avoid unnecessary casualties both among the civilian population and among servicemen.

At the same time the actions of troops and staffs during this stage revealed a number of substantial shortcomings in the control of combat operations. Thus:

—in the course of the march, commanding officers at all levels made poor use of their permanent and attached reconnaissance resources, leaving this task entirely to army aviation;

despite the planning that was carried out in the period of preparing for the operation as regards the use of Ground Forces reconnaissance units, in the course of the operation itself certain commanding officers and staffs of active formations and units charged reconnaissance units and subunits with tasks not appropriate to them, involving the seizure and holding of important facilities (districts) and the escorting of individual convoys;

—great concern is prompted by a number of shortcomings in the training of officer personnel: Certain officers had lost their command skills as regards the command and control of deployed subunits, and there is a lack of experience in the use of radio communications and the conducting of conversations through open channels of communication using control signals and signal-code tables;

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—in the course of the fulfillment of combat tasks by different kinds of forces, the question of technical support for attached units and subunits of the Ground Forces was poorly dealt with. Tank and artillery subunits attached to units of the Airborne Troops did not have their own evacuation facilities. And the Airborne Troops' evacuation facilities were not ready to evacuate the Ground Forces' heavy arms;

—an analysis of the use of weapons clearly highlighted a number of problems influencing the combat effectiveness of rocket artillery arms, reconnaissance equipment and facilities, automated control systems and support systems for firing by the missile forces and artillery, and the accumulation of operational supplies and echelonment of ammunition for modern models of arms up to the established norms. The question of providing the troops with night vision instruments and night sights, and the reconnaissance and specialized subunits with specialized armaments, became acute.

In the course of the completion of the blockade of Groznyy, the situation that developed meant that in order to achieve the objective of disarming the illegal armed formations it was necessary without delay to carry out an operation to take control of the city. A corresponding decision on this question was made at the Russian Federation Security Council session on 26 December 1994. In execution of this decision, on my instructions, the General Staff issued corresponding directives to the commanders in chief of branches of the Armed Forces and commanders of districts' troops concerning the formation and preparation of additional reserves and their dispatch to the conflict region.

The question arises: Why form a grouping out of units from different districts? The answer is simple: Because of the considerable undermanning of the Armed Forces, it is not possible to form full formations and combined units. We are forced to form mixed units and formations. The question of the need to improve the laws governing the draft into military service and the execution of service arises.

Second, the problem of finances is making itself felt everywhere. Shortages of spare parts, instruments, repair facilities, etc. are connected with the fact that for more than two years we have not had sufficient funds to finance orders of equipment and arms or research and design work. The war demonstrated the justice of our demands.

So the grouping of forces was reinforced, and totaled 38,000 men, 230 tanks, 454 armored combat vehicles, and 388 guns and mortars.

This was prompted by the fact that the Chechen Republic military command had concentrated the main bulk of the bandit formations and a large quantity of arms and combat hardware in the capital. Here too were the main supplies of weapons and ammunition. According to intelligence information, at the commencement of hostilities there were some 15,000 gunmen in Groznyy, around 60 guns and mortars, about 30 "Grad" multiple rocket launchers, 50 tanks, some 100 infantry combat vehicles (armored carriers), some 150 antiaircraft systems, and a large quantity of hand grenade-launchers.

As for the plan to take the city, it can be said that it took account fairly fully of the situation that had developed. The most important point is that it was realistic, and ensured the resolution of the tasks required to take the city.

With a view to creating compact groupings and also misleading the Dudayev leadership concerning the true concept of operations, units and subunits were maneuvered. The blockade ring around Groznyy was tightened somewhat by individual operations by subunits. Dummy preparations were carried out for a main strike from the eastern salient. In a short space of time the command of the joint grouping of forces in the Chechen Republic had set up assault detachments within the active forces and carried out combat teamwork training, and after some work on organizing collaboration between all units and subunits participating in the operation, the troops began to go into Groznyy on the morning of 31 December.

The actions of our troop units and subunits over a period of 48 hours in the four converging salients, with the main strike from the north, predetermined success in gaining control of the central part of the city and grasping the initiative from the enemy. Delay would have been not only a tactical but also an operational mistake and could have led to significantly greater losses.

No matter how our troops' actions in the course of disarming the bandit formations in Groznyy may be interpreted today, due credit must first be given to the courage and heroism of the officers and men, who found themselves face to face with highly trained professionals many of whom had been schooled in the world's "hot spots" as mercenaries.

The first days of the fighting for control of Groznyy required a buildup of the grouping. The 165th Regiment of Marines of the Pacific Fleet and an infantry battalion from each of the Northern and Baltic Fleets were sent in, and they gave an exceptionally good account of themselves. To combat small groups of gunmen and carry out special tasks, special-purpose brigades were used. To strengthen the blockade of the city, the southeastern grouping of forces was set up, which closed the encirclement and blockaded the city. At the moment, now at a distance of some 40 km from the city, this grouping is still engaged in active operations.

It should be noted that in the course of the fighting in the city the lack of experience of joint operations in such extreme conditions by units and subunits of the Russian Federation Armed Forces, the MVD, the FCS, and the Border Forces had an impact. Proper collaboration

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among them was not achieved. The low standard of combat training of Ground Forces units and subunits and the fact that sergeants and men were inadequately trained in urban operations had an effect.

In general the Joint Grouping of Forces completely fulfilled its tasks in the operation. On 19 January subunits of the 376th Motorized Infantry Regiment of the Ural Military District and the 876th Separate Airborne Brigade of the Northern Fleet took the "presidential palace" and raised the State Flag of the Russian Federation over it as a symbol of the coming restoration of the constitutional system in the Chechen Republic.

In the course of the operation we once again saw the exceptional significance of the psychological and morale factor, which determines the readiness of personnel to conduct combat operations. Yet again the well-known truth was confirmed: The outcome of a battle is decided ultimately by the men.

In taking the oath to the Fatherland a general, officer, or soldier has made a conscious choice. However, for some servicemen the oath and their military duty proved to be in some way conditional, and some refused to obey orders. Behind all this one can perceive, first and foremost, major blunders in cadre policy and educational work in the Army and Navy. We do not need generals who are only interested in "showing off." And we will call every general and officer strictly to account. We have an oath, we have orders. Ultimately we joined the Army to learn to fight. We are professionals. And it is our duty to fulfill orders.

The events in Chechnya confirmed yet again that it is necessary to restore the system of educational work with officer personnel. Some lessons will be taken into account in the very near future. Unfortunately, for a long time there was a lack of clear, cogent arguments in support of the justice of our troops' actions, and this could not fail to affect the servicemen's morale. The state did not pay due attention to information support for the measures to restore constitutional order and for the troops' operations. It is no accident that among the troops we are being asked justified questions:

—Why are some of the mass media in the country openly engaging in anti-Army propaganda?

—Why does the lion's share of TV reportage on our Army's operations come from the camp of those who have been outlawed?

—Why do they constantly show pictures as if through the sights of a gun aimed at Russian soldiers and officers?

—Why are nonprofessionals trying to instill into the mass consciousness the idea that the military are acting stupidly?

There is no answer.

A preliminary analysis of combat operations in the Chechen Republic enables us today to learn lessons and raise a number of questions. First and foremost it is necessary to strive to ensure fully planned provisioning of the Armed Forces, giving priority to the purchase of new models of arms and combat equipment, and also improvements in the troops' combat and operational training. Resolute measures must be adopted to improve the troops' level of technical equipment and to reorganize the system for the development [razrabotka] and purchase of arms and military equipment.

Changes are needed in the peacetime force grouping of the Armed Forces. It must be capable of using permanent formations and units to resolve tasks that arise unexpectedly. Every military district should have one or two deployed combat divisions and two or three brigades. On this basis, a further reduction in the numerical strength of the Armed Forces, below the level of 1.7 million men, is intolerable.

In the training of troops and staffs the emphasis should be on questions of the conduct of combat operations in local wars and armed conflicts. In accordance with this, changes should be made to the training plans and programs of military academies and schools. The troops and commanding officers must learn more about operations in large settlements and cities.

The General Staff faces the task of studying questions of collaboration with the troops of other ministries and departments both in peacetime and in wartime.

Personnel policy must be reviewed. Appointments to the post of regimental commander or above should be under the personal control of the commanding officers.

Relationships with the mass media and public organizations must be reviewed in order to help boost patriotism in society and the prestige of the Armed Forces and military service.

I would like to express the hope that the Chechen events will convince everyone whose legal duty it is to safeguard the state's security of the urgent need to show concern for our Army and true love for the solider.

More on Grachev Speech

MM0203140795 Moscow ROSSIYSKAYA GAZETA in Russian 2 Mar 95 First Edition p 2

[Unattributed report: "Pavel Grachev: Russian Unity Defended"]

[FBIS Translated Text] To date the combined Armed Forces and Russian MVD [Ministry of Internal Affairs] Internal Troop grouping, in collaboration with Federal Counterintelligence Service [FCS] forces and Federal Border Service troops, has established control over the military situation in the most important areas of the Chechen Republic. The real threat to Russia's territorial integrity has been eliminated.

Russian troops have taken total control of the city after suppressing fierce resistance from the Dudayev regime's

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most combat-capable detachments and groups. At present the remaining small detachments and groups of guerrillas are being eliminated; they are putting up resistance in both Groznyy and the environs. Russian Defense Ministry units and subunits performed their tasks in their areas of responsibility, threw a ring around Groznyy to blockade it, and handed over the parts of the city that they had occupied to Russian MVD units and subunits.

Despite the considerable damage sustained by Dudayev's formations, the rebels' resistance has not been completely smashed. The armed resistance is becoming increasingly scattered but at the same time fierce and fanatical. Extensive use is being made of methods and means of actions characteristic of terrorists along with the tactic of carrying out attacks under cover of a civilian "human shield" from positions in hospitals, schools, and apartment blocks. Attempts are being made to extend the combat operations to suburbs of Groznyy and other parts of Chechnya.

Efforts to embroil the population of parts of the North Caucasus adjoining Chechnya in the armed opposition to the federal forces are growing amid slogans of bellicose nationalism and separatism.

Psychological warfare is being used with a view to provoking an adverse reaction from the Chechens to the Russian leadership's actions. The Muslim clergy, a number of whose representatives are overtly calling for terror against Russian servicemen, are taking an increasingly active part in work with the population aimed at opposing the federal authorities. Mercenaries from the Muslim countries of the Near and Middle East are still coming to Chechnya illegally by various routes, along with money, weapons, and munitions.

The Russian Armed Forces have performed the tasks for the first phase of the stabilization of the situation in Chechnya.

Before I go on to describe the troops' actions allow me to give you some preliminary assessments of the events that have taken place and describe the situation that had taken shape in Chechnya by the time the military operation began.

After proclaiming Chechen independence in violation of political and legal norms Dzhokhar Dudayev during his time in power effectively turned the republic into a criminal zone where criminal relations were elevated to the status of legal relations.

Plans to rebuff "Russian aggression" were formulated in Chechnya, a Chechen presidential order was issued, and directives were drafted which envisaged air raids on important Russian state and military installations, on whose disablement the separatists pinned their hopes of a favorable outcome to the combat operations in the region. We have confiscated these documents.

Attacks were carried out on railroad transport under the slogan of restoring to the republic "things that Russia had previously plundered." In 1993 alone there were 300 attacks on trains, 1,200 freightcars were looted, and the resulting direct damage totaled over 20 billion rubles. Dudayev's regular armed formations (minus the so-called "volunteer militiamen" recruited under threat of reprisals) numbered around 30,000 men by the beginning of the federal troop operation. Dudayev recruited around 6,000 mercenaries from the Baltic, Tajikistan, Azerbaijan, Ukraine, Afghanistan, Turkey, and other foreign states in return for high wages. Many particularly dangerous criminals and recidivists (according to Russian MVD estimates over 1,200 people) sought refuge from Russian justice there.

Dudayev's bandit formations had in their arsenal a large number of tanks, infantry fighting vehicles, armored personnel carriers, modern artillery systems, "Grad" salvo-fire rocket systems, antitank and antiaircraft weapons, and over 50,000 firearms. The legitimate question arises: Where did these weapons come from? The Defense Ministry issued an official statement on this. We hope that a competent commission will establish the true facts and answer this question.

Russian Defense Ministry formations and units were instructed to conduct a special operation to disarm the illegal armed formations and confiscate the population's weapons and ammunition. And during the first phase to create within seven days (29 November through 6 December) a group of Defense Ministry and MVD Internal Troop forces and facilities for actions in three areas, namely Mozdok, Vladikavkaz, and Kizlyar.

During the second phase (7-9 December) operations involving three troop groupings with cover from frontline and army aviation were planned with a view to advancing down five routes to the city of Groznyy and throwing two rings around it—an outer ring around the republic's administrative border and an inner ring around Groznyy. It was envisaged that some of the forces would blockade population centers outside Groznyy and disarm bandit formations.

The Russian FCS, in conjunction with Russian MVD special subunits, was set the task of flushing out and isolating the leadership personnel of Chechen state structures and leaders of opposition parties capable of taking charge of armed operations and sabotage activities in the troops' rear.

During the third phase (10-13 December) operations were planned involving formations and units of the groups of forces from the north and south in conjunction with Russian MVD and FCS special subunits with a line of demarcation down the Sunzha River in order to capture the presidential palace, government buildings, the television and radio center, and other important installations. During the fourth phase it was planned that the troop groupings' formations and units would take five to 10 days to stabilize the situation and hand over

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areas of responsibility to the Russian MVD Internal Troops. The Internal Troops were instructed to flush out and confiscate weapons and ammunition from illegal armed formations and the population throughout the Chechen Republic.

The commander of the troops of the North Caucasus Military District was given direct control of planning, preparing, and conducting the combat operations. Orders were given for the detailed elaboration of the plan of action and the plan for the use of the troops to be completed by 5 December 1994 in line with the directive. The series of measures involved in the preparation of the troops was to be completed by that date.

While the troop operations were being planned the units and subunits were moved up and shipped in so as to create groups of forces, and additional reserves began to be formed in other military districts in order to reinforce the existing grouping and replenish the formations and units with personnel, arms, and hardware.

By the beginning of the operation a group of forces numbering 23,800 men had been created, including 19,000 Russian armed forces, 4,700 MVD internal troops, 80 tanks, 208 infantry fighting vehicles and armored personnel carriers, and 182 guns and mortars. Subsequently during the operation reserves were prepared by military districts and sent off to the groups of forces.

The Armed Forces—primarily the Ground Forces and Airborne troops—bore the brunt when it came to performing the assigned tasks in Chechnya. That is why the populist statements made by certain high-ranking military men regarding ill-conceived, poor planning, preparation, and leadership of the troops' actions in this operation are unfounded, to put it mildly.

During the preparations for the operation the Russian leadership made efforts to resolve the Chechen crisis peacefully, through talks. I proposed continuing the talks to settle the armed conflict in Chechnya peacefully 5-6 December 1994 in Mozdok in order to avoid further bloodshed. To that end I expressed willingness to meet with representatives of the opposing sides at any level. This meeting took place with leaders of the opposition (Avturkhanov, Khadzhiyev, Gantemirov) 6 December.

I met with Dudayev on the same day. The latter realized the hopelessness of his position given the way events were developing with the sending of troops to Chechnya. At the same time he explained unequivocally that he was the hostage of his entourage and could not meet the demands that he unconditionally disarm and disband the armed formations.

In connection with the prevailing situation we set about disarming illegal armed formations in the Chechen Republic by strong-arm methods 9 December 1994.

Ten days were allocated to prepare units and subunits and train them in combat teamwork in their staging areas. Let me repeat once again that we never planned—and even initially did not plan—the "Blitzkrieg" to which the writers of some articles have referred. Everyone realized that during operations on our own territory we are bound to consider the fact that we are not only facing bandit formations but also the civilian population. On this premise we could not act strictly in accordance with military canons, which prescribe the massive and comprehensive use of the full arsenal of weapons for the single purpose of routing the enemy and forcing him to surrender.

Here we have a quite untypical scenario and thus different rules, different laws, and a different pace. The Army is by no means indifferent to whom it is firing on and for what purpose. That was why the convoys had to be brought to a halt every time the guerrillas put women and children in front of them. We gave 10 days for people to leave Groznyy and left a corridor for this.

The troops began moving in an organized fashion at 0700 hours 11 December. Mi-24 fire-support helicopters and front-line aviation were used to conduct visual reconnaissance and provide continuous air cover for the convoys on the march on every route during daylight hours. Constant attention was devoted to the three southern routes through the Ingush Republic, where Dudayev is fairly influential and where, according to our calculations, we might have encountered considerable opposition from civilian inhabitants and armed Chechen detachments.

Needless to say, the following question may arise: Why were these precise routes chosen? We primarily tried to preserve people, hardware, and arms. Passing through population centers servicemen once again wanted to persuade the population that it is necessary to reach a peaceful settlement and voluntarily surrender arms. Regrettably, the expectations did not pay off. The population blocked the troops' routes. The convoys were forced to slow down and on some routes stop, as for instance happened in the settlement of Verkhniye Achaluki, where residents lay down on the road and did not let the convoy pass.

The troops found themselves in a very difficult position—on the one hand, they had to perform their assigned mission and, on the other, it was impossible to use weapons especially since women, children, and the elderly were being used as a shield.

The troops sustained their first casualties on Ingush territory. The convoy which moved down Route No. 4 met with resistance from civilian residents and bandit formations and with overt opposition from Ingush MVD personnel in the city of Nazran and lost their first personnel and hardware. Some 17 motorized vehicles were burned out, the bulk of them ambulances and communications vehicles.

The groups of forces to capture the city were created from units and subunits stationed on the blockade ring,

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reinforced with incoming reserves who had been made ready by all districts. The troops set up assault detachments and trained them in combat teamwork. Troops began to be brought into Groznyy early in the morning 31 December. In literally two days the troops' actions in the four convergent areas predetermined the success of the attempt to capture the central part of the city and seize the initiative from the enemy. A delay would have proved not only tragic but also an operational mistake and could have resulted in considerably greater losses.

No matter how our troops' actions in Groznyy are interpreted today, credit must primarily been given credit to the courage and heroism of the soldiers and officers.

During the combat operations in the city the fact that Russian Armed Forces, MVD, FCS, and Border Troop units and subunits lacked experience of joint operations in such emergency conditions took its toll. They failed to achieve proper collaboration. The poor level of combat training provided for Ground Forces units and subunits and the fact that enlisted men and NCO's were not trained for operations in a city took its toll during the operation.

At the same time the combined group of forces carried out its operational tasks in full. Subunits captured the presidential palace 19 January and hoisted the Russian state flag over it as a symbol of the upcoming restoration of the constitutional system in the Chechen Republic.

During the operation we saw once again the exceptional significance of the moral and psychological factor, which determines personnel's readiness for combat operations. Once again the age-old truism was confirmed: Ultimately man decides the result of a battle.

In swearing an oath to the Fatherland the officer or enlisted man made a conscious choice. However, for some servicemen the oath and their military duty proved somewhat theoretical and there have been desertions. Behind all this one can primarily discern serious miscalculations in educational work in the Army and Navy. We do not want armchair generals.

Regrettably, for a long time there was no clear and cogent justification of our troops' actions, which was bound to affect servicemen's morale. The state did not pay the proper attention to providing information support for the events to restore constitutional order and for the troops' actions. It is no coincidence that the troops rightly ask us: Why are a number of mass media in the country overtly conducting anti-Army propaganda? Why are the lion's share of the television reports on the Russian Army's actions coming from the camp of those who have been outlawed? Why do they constantly show shots taken through the sights of weapons firing on Russian enlisted men and officers? Why are nonprofessionals trying to introduce the idea into mass consciousness that the military are operating incompetently?

I would like to take advantage of the presence of representatives of all branches of the authorities and Federal Assembly deputies to voice the hope that the events in Chechnya will finally persuade everyone who is legally supposed to concern themselves with ensuring the state's security of the acute need to display concern for our Army. And display true love for the soldier. How much can one say about the financial crisis and about staffing problems? We cannot stand idle, otherwise we will cause the army to collapse

The Russian president's message to the Federal Assembly spoke of the need to transform the conflict's explosive energy into the potential for upcoming change in the Army. It is a question of the need to reform it. Supreme Commander in Chief B.N. Yeltsin has defined the areas of this reform. Serious work lies ahead in light of the experience that the Armed Forces have acquired during recent events.

Cease-Fire Talks Set for 4-5 Mar

LD0203210195 Moscow Radiostantsiya Ekho Moskvy in Russian 1900 GMT 2 Mar 95

[FBIS Translated Text] New hopes appeared today of a peaceful settlement of the Chechnya conflict. In Nazran there was a meeting between Deputy Prime Minister Nikolay Semenov, head of the territorial directorate of the federal authorities in Chechnya, and Magomet Aslambekov, the mufti of Chechnya. We were informed of this by Boris Agapov, the vice president of the Republic of Ingushetia.

[Begin Agapov recording] The two sides today signed a protocol agreement confirming they will make every effort to halt combat actions, achieve a cease-fire, and help in every way a peaceful settlement of the present tragedy in the republic. At the level of practical decisions, they agreed that on 4 or 5 March this year a further meeting between representatives of the higher clergy of the Chechen Republic and the federal [territorial] directorate headed by Nikolay Semenov and involving the command of Russian federal forces and leaders of the armed formations of the Chechen Republic will be held at the village of Ordzhonikidzevskaya. They are to reach agreement on a complete cease-fire and cessation of combat actions with all the consequences stemming from this regarding the search for and burial of the dead, handover of wounded, exchange of prisoners, and so on. They will be pursuing the main goal of making the achieved cease-fire agreement permanent.

More on Resumption of Talks

LD0303095295 Moscow ITAR-TASS in English 0930 GMT 3 Mar 95

[By ITAR-TASS special correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok (Northern Ossetia) March 3 TASS—The talks between the command of the joint group of federal forces and representatives from

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Dudayev's field commanders will be continued in the village of Ordzhonikidzevskaya (the Sleptskevskaya airport), from March 4-5, ITAR-TASS was told at the press centre of the federal territorial executive department in the Chechen republic.

Officials of the press centre said that the talks with representatives from Dudayev's field commanders were not resumed and no agreements were reached because Dudayev's side had given no reply to the proposals made by the command of the federal forces during the last meeting of February 17. It was then suggested that the hostilities should be stopped by both sides, that all the prisoners should be exchanged irrespective of their numerical correlation, that Dudayev's armed units should surrender their heavy armaments and should disband voluntarily. It was envisaged that small self-defence detachments could be set up in some populated localities, but all the small arms should be placed under the control of the local self-government bodies. However, the Chechen side believes that a part of the terms for the negotiations are infeasible.

Soslambekov Comments on Division Scenario

LD0103142195 Moscow ITAR-TASS in English 1357 GMT 1 Mar 95

[By ITAR-TASS correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow March 1 TASS—Chechen parliament chairman Yusuf Soslambekov today called on Russian federal authorities to start talks with Dudayev.

Addressing a news conference in the Russian State Duma, Soslambekov said "the war cannot be really stopped without negotiating with the warring party".

Dudayev's regime is legitimate, Soslambekov said, and there are no reasons to keep out of political dialogue with it.

The Russian Government's error lies in that over the past three years it has been in contact with Chechens who lost their "warm places" in 1991, Soslambekov said, referring to the time of Dudayev's political rise.

Soslambekov asserted that Moscow is preparing a plan to divide Chechnya into southern and northern parts. However, he could not answer reporters who is making such a plan. Soslambekov only cited "a plan of staged settlement of the Chechen crisis" which he said was drafted by the Russian president's expert board.

The parliament chairman elaborated that under this plan one part of Chechnya is to be governed by Dudayev's and the other by Khadzhiyev's administration. "Hearsay of such a division is old, but it is clearly surfacing today," Soslambekov said.

Patrol of Georgian-Chechen Border Begins

LD0103143295 Moscow INTERFAX in English 1358 GMT 1 Mar 95

[FBIS Transcribed Text] TBILISI, Mar 1 (Interfax)—Russian and Georgian border guards began to helicopter-patrol the Georgian-Chechen borders at the beginning of this week. Helicopters were placed at their disposal by the command of the Russian border troops, located in this region, the press center of the Georgian border troops told Interfax on Wednesday [1 March].

Air patrolling is aimed at preventing the penetration of Chechen gangs into Georgia, the same source said.

'Fierce Fighting' Resumes in Groznyy

LD0203130995 Moscow INTERFAX in English 1240 GMT 2 Mar 95

[FBIS Transcribed Text] GROZNYY, March 2 (Interfax)—Fierce fighting resumed in Groznyy's southern and southeastern suburbs Thursday morning.

As a well-informed Russian military source reported to Interfax, Russian gunners continue to shell the Noviye Aldy and Tchernorechye communities where Dudayev's militants are based.

The military source also reported no let-up in sniper activity in Groznyy.

Meanwhile, according to Chechen observers, two persons were killed and 11 wounded as a result of a Russian air raid on Shali south of Groznyy on Wednesday.

Situation 'Not Radically Changed' 2 Mar

LD0203210395 Moscow INTERFAX in English 1916 GMT 2 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 2 (Interfax)—The mobile information center of the Russian government's press service said that the situation in Chechnya had not radically changed over the last day.

According to the same source, federal aviation was carrying out intelligence flights and launched bomb attacks on the positions of illegal armed formations near the populated centers of Argun, Saray and Polevoy Stan. Artillery fire was conducted against firing positions near Argun and Shali.

The Russian Interior Ministry said interior troops and law enforcement officers had been disarming illegal armed formations, seizing arms from the population, ensuring security for civilians and observing the control-post regime.

The Federal Border Guard Service said Chechen militants had shot two officers of the Russian border guard troops near the Kharami Pass in Dagestan.

According to counterintelligence, Dudayev propagandists are disseminating leaflets containing direct threats

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to servicemen after their return to the places of permanent residence in order to demoralize federal troops, push servicemen towards deserting and insubordinating to their command.

Military Commander of the Pyatigorsk Cossack District Yuriy Churekov condemned attempts of illegal arms traffic after the arrest of several Cossacks who had brought arms to the Stavropol Region. However, he said such attempts were done not due to ill will but because people wanted to protect themselves against possible terrorist acts of Dudayev supporters in the region.

The Federal Migration Service said another 515 refugees had arrived in Mozdok from Groznyy over the last day. A total of 3.5 tonnes of food products were distributed among Groznyy residents on March 1.

Kvashnin To Command Federal Forces

LD0303091095 Moscow ITAR-TASS in English 0902 GMT 3 Mar 95

[FBIS Transcribed Text] Mozdok March 3 TASS—Colonel-General Anatoliy Kvashnin, new commander of the troops of the North Caucasian military district, arrives here from Moscow on Friday [3 March].

General Kvashnin will be in charge of the Russian Armed Forces' units which are currently in the Chechnya conflict zone, a spokesman at the press centre of the command of the joint group of federal forces in Chechnya has told ITAR—TASS.

'Peace Corridor' To Be Created

LD0303073295 Moscow ITAR-TASS in English 0710 GMT 3 Mar 95

[By ITAR-TASS correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok, North Ossetia March 3 TASS—A peace corridor connecting Ordzhonikidzevskaya, Sernovodskaya, Alkhan-Kala, Shali and Makhachkala will soon be created in Chechnya. It will enable participants in the negotiating process and their official representatives to move freely and safely from one republic to another, a spokesman for the press centre of the Territorial Department of the federal executive bodies in the Chechen Republic told ITAR-TASS today.

An agreement on the creation of the peace corridor was reached at the talks, held on Thursday with the participation of Nikolay Semenov, head of the Territorial department of the federal executive bodies in the Chechen republic, and mufti Ravil Gainutdin, head of the spiritual board of Moslems of the central European region of Russia.

Hazardous Substances Discovered in Groznyy

LD0203194495 Moscow INTERFAX in English 1927 GMT 2 Mar 95

[FBIS Transcribed Text] Moscow, Mar 2 (INTERFAX)—A Russian Emergencies Ministry team in Groznyy found four sources of radioactive substances there, in the Krasny Molot factory, the Geophysical Research Institute, the Groznyy Geophysical Operation Board and a radioactive waste dumping ground.

Four sources of dangerous biological substances, the Republican Veterinary Research Station, the Biological Institute of Non-Medical Preparations, the Central Bacteriological Laboratory and the Republican Center of State Sanitation and Epidemiological Inspection, and eight installations storing strong poisons were detected.

The ministry press office told Interfax that posters warning of danger had been placed on the buildings which are now being guarded by interior troops.

Ministry officials removed over 300 test-tubes containing cultures of cholera, brucellosis, leptospirosis and unknown biological samples and 60 cups containing cholera tests from the Sanitation and Epidemiological Inspection Center for destruction.

The ministry's mobile units continued the clearing of the debris in Chaika Hotel. A total of 40 tonnes of construction materials have been removed and three explosive items destroyed.

A site and wiring are in place for a diesel power station in City Hospital 9. Some 40 tonnes of water were distributed in Groznyy.

A total of 20 sick and five wounded were moved from Groznyy to Tolstoy-Yurt.

A convoy carrying 31 tonnes of humanitarian aid left Mozdok, North Ossetia, for Groznyy.

A 500-meter stretch of water pipeline on Rosa Luxemburg Street has been repaired.

Moscow Urges Rebels To Leave Villages

LD0303083795 Moscow ITAR-TASS in English 0811 GMT 3 Mar 95

[By ITAR-TASS special correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok March 3 TASS—Representatives of the Russian federal troops in Chechnya today reiterated call on the inhabitants of Argun, Samashk, Gudermes, and Shali to talk Dudayev militants into leaving these residential centres so as to avoid a threat to the lives and individual and municipal property.

ITAR-TASS learned about this from a representative of the press centre of the command of the federal forces in Chechnya.

The press centre sources also told ITAR-TASS that the rebels were allowed until Friday evening to decide on the withdrawal from the village of Samashki.

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According to the same sources, if the rebels fail to leave the residential areas in the zone of fighting, special passage ways will be organised for peaceful civilians to leave the combat zone.

Militants Concentrated in Border Areas

LD0303113995 Moscow ITAR-TASS in English 1127 GMT 3 Mar 95

[By ITAR-TASS correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok March 3 TASS—The situation continues to be tense in Chechnya. Dudayev militants continue to be concentrated along the border with Ingushetia and Dagestan, a spokesman for the press centre of the command of the federal troops told ITAR-TASS today. According to the press centre, residents of the Khasavyurt district of Dagestan are making attempts to drive ethnic Russians out of the area. Akin Chechens hold rallies there, at which appeals for the physical destruction of Russians can be heard. A 200-men-strong self-defence detachment, which supports Dudayev, was created in the Dagestan village of Lenin-Aul. Dwellers of the villages of Chishki and Duba-Yurt decided at their meetings to stage acts of terrorism against servicemen.

At the same time, the spokesman for the press centre continued, differences between Dudayev supporters and the local population are deepening. Local clergymen and part of residents of the villages of Samashki and Nozha-Yurt demanded the withdrawal of Dudayev militants from those villages.

Residents of the villages of Znamenskoe and Byelo-Yurt voluntarily handed weapons, ammunition, mines and portable radio stations to the law-enforcement agencies.

Attack at Border With Dagestan Detailed

LD0303120295 Moscow ITAR-TASS in English 1150 GMT 3 Mar 95

[By ITAR-TASS correspondent Gadzhi Shamov]

[FBIS Transcribed Text] Makhachkala March 3 TASS—The Dagestan Interior Ministry reported today that some unidentified men opened fire Thursday from Chechen territory at a militia post on the Gerzel bridge. The attackers were armed with automatic rifles, machine-guns, and grenade-throwers. Three militiamen were wounded. The number of casualties among the raiders is unknown.

This armed attack is only one out of the numerous provocations committed several times over every day on the border between Dagestan and Chechnya. A railway bridge over the Aksai river and a motor bridge over the Yaman-Su river were blown up the day before that. Heavy fire was opened on other border bridges. The Dagestan Interior Ministry has released an official statement in this connection, stressing that the republic's law enforcement bodies would take every necessary measure to defend the Dagestan borders and would not allow anybody to draw the Dagestan Republic into the hostilities.

Militants Still Control Southern Region

LD0303120495 Moscow ITAR-TASS in English 1148 GMT 3 Mar 95

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow March 3 TASS—No changes took place in the military situation in Chechnya over the past 24 hours and Chechen militants still control the southern region of the republic, the Russian Government said on Friday.

"No considerable changes in the military-political situation have taken place in the Chechen republic. The unlawful armed units continued to strengthen their positions in the towns of Argun and Gudermes, as well as the Dzhipkar Heights which allows them to control the southern valleys of the republic", the government press service said in a press release.

"The federal troops did not conduct active combat activities. This is explained by the wish to create favourable conditions for consultations on a peaceful settlement of the conflict which were held in Nazran" between Russian envoy to Chechnya Nikolay Semenov and Chechen mufti Muhammad-Hussein Aslambekov.

The press office also said that Chechens living in neighbouring Dagestan "undertake attempts to instigate ethnic conflicts". They hold rallies and call "to physically eliminate the Russian part of the population of the republic, to stage acts of terrorism and sabotage".

The release notes that "relations between the local population and the militants in Chechnya are aggravating". It adds that residents of the village of Shatoy made Dudayev's representatives withdraw a multiple rocket launcher and staff vehicles from the settlement as they could have become a target for Russian strikes. Residents of the village of Borzoy took their sons away from Dudayev's troops.

Talks were held by Russian counterintelligence officers with religious leaders of the area of Chernorechye who proposed their own plan of freeing the area from militants without bloodshed. "The plan will be used by the command of the federal troops at talks with unlawful armed units acting in Chernorechye", the press service said.

It added that restoration of bridges had begun in Chechnya. The first one near the village of Ishcherskaya is to be reopened in mid-April. 37 road bridges need a complete restoration in Chechnya.

Maritime Kray Miners' 'Declaration' Viewed

954F1594A Vladivostok KRASNOYE ZNAMYA in Russian 28 Feb 95 p 1

[Article by unidentified KRASNOYE ZNAMYA correspondent: "Maritime Miners Trust Neither the President, Nor the Government of Russia"]

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[FBIS Translated Text] **As KRASNOYE ZNAMYA has reported, last week Maritime Kray miners adopted a political declaration addressed to Chairman of the Government of the Russian Federation V.S. Chernomyrdin and A.B. Chubays, his first deputy. But it affects all residents of the kray. Here is a brief summary.**

"Miners collectives of Maritime and Khabarovsk Krays, conscious of their responsibility to provide the regions with coal, had significantly improved their work by the end of last year. More than 500,000 tonnes of coal in excess of the established volumes were mined.

"But in February of this year the situation worsened sharply and approached the critical level because of the Government of Russia's tardy allocation of the necessary financial support to miners and the insolvency of coal consumers. The sum total of the debt is more than R200 billion.

"As a result of the lack of monetary resources, the material-technical resources that are in daily demand are not being acquired. The Severnaya mine in the city of Partizansk has already been in forced idleness for a month. For this reason alone coal mining began to drop sharply every day in 14 mines of the cities of Partizansk and Artem and the settlements of Lipovtsy and Tavrichanka. The Luchegorskugol AO [joint-stock company] and the Uralugol AO, which supply coal to the Maritime GRES [state rayon electric power station], the largest in the Far East, and to the Vladivostok and Khabarovsk TETs [heat and power plant], began to get especially agitated in 1995. The coal industries of Maritime and Khabarovsk Krays are on the verge of a complete halt.

"The three to four month systematic indebtedness for wages and the continuously increasing debts in the federal, kray, and local budgets and in the off-budget funds, which are snowballing through no fault of the miners, and fines and penalties amounting to R98 billion, have created extremely dangerous social tension in the collectives.

"It is for this reason that the miners collective of the Primorskugol AO is expressing complete distrust in the president and the Government of the Russian Federation in conducting a market economy. We see that there is no kind of economic stabilization, and there will be none under your leadership. Asking for help is useless and makes no sense.

"We want to work, not to strike. But we are forced to take part in strikes in connection with the unsatisfactory economic policy and organization of nonpayments that is being conducted.

"Our collectives took part on 8 February in the warning all-Russian miners' strike, and on 1-5 March we are stopping the delivery of coal to all consumers. We demand full payment of the wage debt and settlement for delivered coal. We reserve the right to strike indefinitely.

"We earnestly request that you resign on your own and as quickly as possible.

"We call on all coal mine collectives of the Russian Federation to support this open letter."

FROM THE EDITORIAL STAFF.

Only a few details can be added to this declaration, which characterize the situation not only in the coal industry, but in the power engineering industry of the kray. To which not one Maritimer can be indifferent.

For example, because of lack of diesel fuel at the Luchegorsk coal industries, stripping operations were interrupted for four days. There was nothing to fuel the power shovels and all technological transport in general.

Only diesel locomotives that delivered coal to the Maritime GRES were operating on what was left of the solar oil. But even these leftovers did not permit transport to work at full capacity—daily delivery of coal last week fell to 13,000 tonnes, and electric power stations are living on reserves that have dwindled as it is.

The 420 tonnes of solar oil that were sent by the administration of Primorskugol to the open pit and the PTU [vocational training school] are enough only for several days—the daily requirement for diesel fuel is now 68 tonnes. And this means that problems with electric power will arise again at the beginning of March.

It is not necessary to explain how this threatens us, the ordinary consumer. Neither heat nor light—this is what awaits us at the beginning of spring. And here the miners are not responsible. They really have nothing to work with, and nothing to fill the daily "lunch box."

This is, of course, principally a problem for the Government of Russia. It is its policy that has forced the miners into a corner. However, it must also be admitted that the kray administration, acting with an eye toward Moscow and expecting boundless subsidies from the capital for the expenditures of the fuel-energy complex of the Maritime region, contributed to the collapse of its own coal mining industry. Its ideas concerning the purchase of coal in China are costing a great deal! There is not enough money for its own miners, but on the other hand, money was found for the Chinese miners. And, indeed, we have fed the Siberians rather well.

In a word, the end of winter will by no means be warm for Maritimers. The miners have supposedly identified the guilty parties, but, nevertheless, the people of the kray will end up the losers.

Sverdlovsk's Strakhov Assesses 1994, New Tasks

954F1480A Yekaterinburg OBLASTNAYA GAZETA in Russian 25 Jan 95 p 1

[Speech of A. Strakhov, chief of the Administration of Sverdlovsk Oblast, at an enlarged session of the government of the oblast on 23 January 1995: "Oblast Government Summed Up Results of 1994"]

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[FBIS Translated Text] **As we have already reported, an enlarged session of the government of the oblast was held the day before yesterday, on 23 January. The main item on the agenda was "Results of the Oblast's Work in 1994 and a Forecast of Socioeconomic Development for 1995." V. Trushnikov, first deputy chairman of the government of the oblast (we carry his report on pages 2 and 3 of today's issue), other members of the government, N. Didenko, mayor of Nizhniy Tagil, G. Smirnov, director of the Vektor conversion enterprise, V. Popkov, president of the Uralvneshtorgbank, the heads of industrial and agricultural enterprises, and other executives spoke at the session.**

The speakers made an assessment of the past year, noting that it had not been a turning point or the start of an upturn of the entire economy, although the first tokens of stabilization had appeared.

Following the debate, V. Trushnikov responded to the questions of those who spoke.

All that was said at the session was collated in his speech by Governor A. Strakhov, head of the government of the oblast. He pointed to the tasks that confront the oblast. After the session, A. Strakhov held a meeting with the chiefs of the administrations of cities and rayons of the oblast.

The same day the governor organized a briefing, at which he answered journalists' questions concerning the year's results and the prospects of the oblast's economic development.

ESTEEMED PARTICIPANTS IN THE SESSION OF THE GOVERNMENT! We are today summing up today the results of our work.

The report of the oblast government gives the results of work in 1994 and the main directions of the administration's activity to resolve socioeconomic problems in 1995. The participants in the session that have spoken have contributed to the discussion their understanding of the process, having supplemented it appreciably and having further specified its content.

I would recall that 1994 was the initial period of realization of the provisions of the new Constitution of the Russian Federation.

The oblast, as a component of the Federation, assumed the fullness of responsibility both to the citizens and to the federal center.

A representative authority—the oblast Duma—was formed.

The charter of Sverdlovsk Oblast was adopted.

New rules and norms of interaction have been shaped, essentially, and the plank of responsibility has become considerably higher.

A particular feature of the situation has consisted of correct consideration of the correlation of our own potential and the possibilities deriving from interaction with the federal center and other components of the Federation.

The year of 1994 was a serious test for the government of the oblast.

Proceeding from the need to preserve the vertical line of executive power and ensure its stability and efficiency, the chief of the administration entrusted to himself the duties of chairman of the government of the oblast.

The necessary operational steps and structural changes for the formation of the government as a body capable of tackling not only tactical but also strategic tasks were made.

We determined as such:

the need for stabilization;

the preservation of socioeconomic and industrial-production potential;

structural shifts in industrial production;

state support for enterprise and the transformation of property relations;

social protection of the population;

a strengthening of the rule of law.

Summing up the results today, I may say that we derive no satisfaction from the results of the work in 1994. Nonetheless, the oblast administration has endeavored to do everything possible for the accomplishment of the set tasks:

the effective capability of the majority of branches of production has been preserved;

a particular level of social protection of the citizens has been secured; and, most important,

the conditions for sociopolitical stability in the region have been created.

I would remind you that these tasks were accomplished under extremely unfavorable conditions: Remember the fire in Verkhoturye, the flooding in Serov, the difficult summer for the country folk, and so forth.

I would like to mention as a fundamental point the following. We were able to actively influence socioeconomic processes in the oblast. To what do I refer?

First. By means of the implementation of a number of organizational, administrative, and economic measures the consequences of the inflationary processes were eased.

Personal purchasing power was preserved.

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Provision was made for the sufficiently high saturation of the market with consumer goods. We are inferior only to Moscow in terms of the volume of commodity turnover.

Second. In the sphere of the stabilization of production and the structural reorganization of the economy the preservation of the oblast's socioeconomic potential, the prevention of mass unemployment, and the localization of serious social conflicts represented a positive result.

In the interests of enterprises of the defense complex the administration sought the approval in the Government of Russia of draft conversion programs and the allocation of a number of earmarked sums of credit.

Under the conditions of the drastically altered investment policy, a high proportion of nonproduction construction was maintained.

The physical indicators of the introduction of housing are inferior only to the indicators of the city of Moscow.

Third. Serious changes occurred in the reform of property relations.

Fourth. The social protection of the population remained a priority for us in 1994. Together with the deputies of the oblast Duma we endeavored to work out a system of support for the least protected strata of the population.

Fifth. Life required of the administration repeated contacts at all levels of power and also with various political and public movements, the work force, and the unions.

Considerable experience of social partnership within the framework of the tripartite agreement among the commodity producers, the unions, and the administration of the oblast was accumulated. These relations of cooperation will be extended and perfected.

The Public Chamber, which unites over 100 various social formations, operates in a dialogue mode with the power structures of the oblast.

I have to mention our joint work with the veterans' public organizations. A wide-ranging program of support for veterans and of preparations for the celebration of the 50th victory anniversary was adopted.

We are pursuing a policy of the unification and interaction of different social groups. An important role here belongs to religious faiths. It is in this channel that my recent meeting with Nikon, bishop of Yekaterinburg and Verkhoturskoye, and Mufti Sibagatulla should be seen.

Sixth. In our interaction with the president and the Government of Russia we distinguished a number of areas as priorities for ourselves and won support on practically all issues.

As a whole, I believe that our joint work made it possible, despite all the difficulties of the transitional period, to preserve the resource, production engineering, and labor potential and to create the prerequisites for stabilization. Its principal characteristics are, in our view:

the formation of centers of growth in the manufacturing branches;

a revitalization of investments;

a growth of monetary income in commodity production.

We are very cautious in our forecast of progress toward the stabilization of the oblast's industry that has been charted, realizing that it is as yet too early to speak of such processes in other spheres of the economy.

The rate of inflation, which increased sharply in January, is once again exacerbating the financial situation and could change appreciably the trends that are unfolding in the economy.

The position of the oblast in the current year will be determined to a considerable extent by a number of factors. I shall highlight some of them.

1. The general economic situation in Russia and its financial-credit, industrial, and social policy.

2. The directions and harmonization of the actions of the representative and executive organs of state power and administration of all levels, enterprise managers, and entrepreneurs.

3. People's socio-psychological mood.

The latter is extraordinarily important for us. According to research data, approximately one-third of the population of the oblast assesses its material position as extremely difficult.

It is obvious that a further decline in the living standard could lead to people's increased apathy and loss of hope, an increase in the potential for social conflicts, and an expansion of the social base of the criminal structures.

A principal source of social tension is the increased differentiation of the population by income and material sufficiency. And this polarization is occurring in the most varied areas:

between employees of different branches;

between the employee rank and file and executives;

between inhabitants of town and country;

between the social groups which have become a part of the new economic conditions and the outsider groups which have been unable to do so.

It is very important today to create the social, material-economic, and organizational conditions permitting different groups of the populace to adapt to the changes.

This is, if you will, the principal vector of our activity.

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An analysis of the socioeconomic development of Sverdlovsk Oblast, the speeches of colleagues present at the session, and daily work with the rayons, cities, and industrial outfits make it possible to formulate a number of fundamental positions, which should constitute the basis of the activity of the Administration and the Government of Sverdlovsk Oblast and the administrations of the cities and rayons of the oblast for 1995:

The main purpose of our activity is to make efficient use of the economic, social, and natural-resource potential in the interests of the people and the entire population of Sverdlovsk Oblast.

We have to work in earnest on a specification of the functions of the center and the region.

A substantive approach is needed here. We cannot succumb to the arrogance of smug independence. The integrity of the country and the strict defense of the interests of the oblast are what are most important in our interaction with the center. What should we seek and demand of the center?

A stable financial and credit policy;

a progressive tax system stimulating domestic production;

a prudent protectionist policy defending the interests of our producers;

an efficient system of the management of the state-run enterprises;

legal backing for the reform of the economy.

For its part, the administration of the oblast will promote successful work on the territory of the federal organ of power.

Particularly the newly formed, on our initiative included, regional Customs Administration, subdivisions of the Ministry of Foreign Affairs and the Ministry of Foreign Economic Relations, and the regional structure of the Supreme Court of Arbitration.

The search for and the expansion of mutually beneficial relations with oblasts and republics of the Russian Federation and with all countries of the near and far abroad should be distinguished as a strategic task.

Particular significance is attached to the restoration on a new qualitative basis of all-around relations with the countries of the CIS.

We will strive for the conclusion of comprehensive agreements and treaties with the regions of countries of the CIS with which the oblast has mutual interests and we are prepared to sponsor the restoration from below of economic relations within the framework of the former USSR.

I am convinced that it is essential to continue and to extend the socially oriented policy of the administration. The assurance of people's protection and a strengthening of the rule of law must remain at the center of attention.

Measures for the social protection of the populace should be highlighted particularly. This is a task for joint accomplishment by the forces of the oblast government and the administrations of the cities and rayons.

We must not forget today that there are communities where bread is brought in once every 10-20 days.

For a revitalization of business activity more rational taxation should be introduced in parallel with pressure on the defaulters.

This is possible.

At this time Sverdlovsk Oblast is the only oblast to have proposed its own draft Tax Code of Russia, which was prepared by the Taxes of Russia association.

We will seek to implement the tax experiment within the framework of Sverdlovsk Oblast this year even.

We must influence the "techniques" of privatization, which by means of a change of owner should signify an influx of investments. As far as the privatization of the conversion enterprises is concerned, an individual approach is required here. It would be expedient to grant the investor the right to purchase a block of shares in exchange for investments actually made. This would do away with the situation where it takes years to ascertain the actual investor and the reason why he purchased the property.

It is essential to engage a procedure of enterprise insolvency (bankruptcy). This needs to be done immediately. At the present time the majority may in this connection confine themselves to assistance in the qualified reorganization of production and the elaboration of measures to enhance product competitiveness.

A most important task of the organs of state power is to ascertain the priority areas of the attraction of investments.

Until investments in our projects are more efficient than the purchase of real estate in Moscow, we cannot exclude a drain of financial resources from the oblast.

Personal financial interests are a most important direction. In conjunction with the Department of the Central Bank of Russia for Sverdlovsk Oblast the oblast government is simply duty bound to specify moves to protect personal deposits.

The oblast administration will continue to keep constantly in its field of vision and to assist enterprises of power engineering and transport in the life-sustaining category and will orient the administrations of the cities and rayons toward these branches being rendered all-around assistance.

It is essential in 1995 to adopt measures to stabilize the consumer market.

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We should without embarrassment pursue a protectionist policy in respect to manufacturing industry and render the rural commodity producers, but those capable of producing commodity output and organizing the exportation and sale of raw material and finished products in the city, practical assistance.

Supplying the population of the oblast with bread products is of particular significance. Considering that Sverdlovsk Oblast is a non-grain-producing area, we are firmly putting to the Government of the Russian Federation the question of its inclusion in the Federal Grain Fund.

Defense industry will be at the center of attention. We have sought and will continue to seek a precise definition of the extent of the defense order, payment for the products that have already been supplied, and federal budget funding of conversion programs.

We should all maintain our attention to the formation of a system of the creation of new jobs and the retraining and employment of the personnel and be prepared for the transition of hidden to open unemployment.

Questions of education and health care and culture and a strengthening of the social protection of the persons working in these spheres should remain a central component in the work of the executive authorities of the oblast and locally.

A search for the optimum paths of economic, technological, and spiritual development is impossible without science. We intend to actively enlist scientific potential in the formulation of the action strategy and tactics and to support science on the territory as much as possible.

The administration's participation in the funding of the Demidov Prize—one of the most authoritative academic prizes—will be one specific step.

We need to preserve the construction complex and prevent its disintegration and the scattering of resources. To make efficient use of each budget ruble.

To step up work sharply on the attraction of the funds of the populace and the structures which have finances and are prepared to invest them in real property.

The enlistment of the financial and stock markets in the development of the territory and the mobilization of spare financial resources in the interests of the population of the oblast is a most important task. The administration of the oblast has announced the primary issue of oblast bonds, and the first auctions were held on New Year's Eve. It is now necessary to check once again how these funds might be used most efficiently.

The government of the oblast has approved an oblast program of support for small and medium-sized business and will implement it consistently.

We need to work seriously on the reorganization of the machinery of administration.

The task of downsizing the managerial machinery has been set by the president of the Russian Federation.

But we must not perform this work mechanically but think how to improve its organizational structure and remove duplicative components.

This applies directly to the administration of the oblast, the oblast branch managements, and the administrations of the cities and rayons.

It should be undertaken for the added reason that in cities and rayons that are equivalent in terms of population and structure of the economy the size of the managerial machinery differs by a factor of two or three. And the labor of each is compensated from the budget.

A new organ of representative power—the Sverdlovsk Oblast Duma—has been operating in the oblast since April 1994. We hope that the main thing in the work of the Duma itself and the interaction of the Duma and the administration will be a constructive resolution of the problems of the oblast and an absence of a confrontational approach and mutual suspicion. The legislature and the executive of Sverdlovsk Oblast should by joint actions prepare and adopt laws positively influencing the economy, the social sphere, and the life of each inhabitant of the oblast. I am sure that there is a basis for such work.

Much has been said today about the lack of financial resources. Yes, this is so. But there are today no magicians either in the government or among those in the hall.

All of us, both the members of the government and the deputies of the oblast Duma, leaders of subdivisions, and all those present, need to understand that we can and must seek new sources, but the main thing is to make competent and efficient use of each ruble of the oblast budget.

It is proposed on the basis of the results of our session adopting the following government decree:

1. To agree with the assessments of the work in 1994 and the main directions of the activity of the administration for the resolution of social and economic problems in 1995.

2. That the deputy chiefs of the administration and the leaders of offices, departments, and subdivisions of the administration complete within two weeks the action program of the administration in 1995 and present it for approval by the government before 6 February 1995 with regard to the proposals expressed at the enlarged session of the government.

3. To propose that the leaders of enterprises, institutions, and research outfits participate in the drafting of the action program of the administration for 1995.

4. To publish the material of the enlarged session of the government in OBLASTNAYA GAZETA.

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5. To entrust supervision of the fulfillment of this decree to V.G. Trushnikov, first deputy chief of the administration.

Any comments from members of the government on the proposed draft resolution?

Adopted.

I thank everyone for having taken part in the session of the government!

Sverdlovsk Oblast Anticrime Effort Detailed

954F1478B Yekaterinburg OBLASTNAYA GAZETA in Russian 18 Jan 95 p 2

[Article by Anatoliy Feoktistov, press secretary for the chief of the oblast Administration of Internal Affairs: "Results of the Year: UVD Not Satisfied with Work Results"]

[FBIS Translated Text] **An expanded meeting of the collegium of the Sverdlovsk Oblast UVD [Administration of Internal Affairs] took place on 12-13 December under the chairmanship of Major General Vladimir Vorotnikov. The results of the work of the internal affairs organs for the past year were summarized and tasks for the current year were established.**

Aleksandr Strakhov, the governor of the oblast, and managers of the force and law enforcement departments of the oblast took part in the work of the conference.

For the year 1994 in the oblast 109,987 crimes were registered, which is 1.7 percent more than in 1993. The most significant increases were registered in Bogdanovich, Karpinsk, Polevskoy, and Kirovgrad. A decrease in the number of crimes was noted in 16 cities of the oblast, including Yekaterinburg and Nizhnyaya Tura, by 8 percent, and Tugulymskiy Rayon—by 16 percent.

Crimes against persons continue to grow, including premeditated murder, of which 1,153 were registered (5 percent more), and serious physical injuries—3,410 (2 percent more).

The number of thefts fell by 10 percent; however, swindling became widespread, and 1,717 crimes of this nature were registered, which is 60 percent more.

Despite the substantial excessive workload on investigators (121 crimes per investigator, which is three times the norm), and imperfections in the legislative base, the investigative staff of the oblast on the whole carried out its assigned tasks. Last year investigators of the oblast investigated 37,465 crimes, which is 2,852 more than in 1993, and 26,719 ended in judicial proceedings (10 percent more), of which 21,259 (14 percent more) were submitted with criminal information for examination in the courts.

The state of law and order in public places and on city streets improved somewhat. Here the number of crimes fell by 21 percent, including a drop in robberies by 31 percent and muggings—by 29 percent.

Vladimir Vorotnikov, chief of the UVD, said that internal affairs organs were able to accomplish the tasks established for 1994 in a majority of cases. Thus, for example, 16 organized criminal groups were eliminated, of which criminal charges were brought against 150 members, 15 contract murders were solved, and 20 successful operations were conducted in which hostages were freed and extortioners arrested. A large amount of narcotics was confiscated, 37 kilograms of opium alone. This is more than in all of Russia in 1993.

Meanwhile, General Vorotnikov emphasized, we cannot be satisfied with the results of our work. The main task was not carried out. The UVD in our oblast still did not succeed in getting out of the 10 worst oblasts category with respect to this indicator, despite the fact that its crime-solving also increased by almost 30 percent.

The oblast governor's speech at the collegium was not without interest. He sharply criticized managers who are responsible for work with personnel in the organs of internal affairs. The head of the executive authority emphasized that if the situation is not corrected in the near future, practical conclusions will probably have to be drawn.

According to the governor, this year the administration will undertake efforts to finance the needs of the militia.

Sverdlovsk Oblast Seeking To Boost Foreign Economic Ties

954F1478A Yekaterinburg OBLASTNAYA GAZETA in Russian 17 Jan 95 p 2

[Article by Andrey Kuznetsov: "Turn to the East: Sverdlovsk Foreign Economic Relations Department Prepares for the New Year"]

[FBIS Translated Text] A joint Russian-German Service Center for Woodworking will be established in Yekaterinburg. The protocol for its creation was signed at the third meeting of the TsSP (Center for Assistance to Business) Council which was held in Germany not long ago. As is known, the Sverdlovsk Oblast administration and the Government of the Baden-Wurtemburg Land founded the TsSP two years ago. On the Russian side, in addition to A. Zaborov, TsSP director, those attending were V. Trushnikov, first deputy chief of the oblast administration; V. Cherdyntsev, a member of the oblast government; and A. Kosyntsev, a businessman. The center's two years of work were rated very highly. In addition to the creation of the Service Center, for which the German side is prepared to provide a complete set of equipment and ensure export follow-up for a total sum of DM800,000, while Yekaterinburg provides the building and working capital, a decision was made on the organization of training in Germany of a second group of our businessmen from cities and rayons of the oblast (about 15 persons).

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Thus, specific agreements in Sweden and Germany provided a very successful conclusion to 1994 for the foreign economic relations department of the oblast administration. The oblast's foreign trade turnover grew up to 25 percent—this is one of the highest indices in Russia. As he declared in an interview with our correspondent, Igor Arzyakov, director of the MVES [Ministry of Foreign Economic Relations], this showed how interested the West is in cooperation with the Urals, but the activeness of the East, in particular of Japan, is becoming more and more perceptible. In Mr. Arzyakov's opinion, the time has come to turn to the East, and the year 1995 could be one of closer contacts with Japan; in any case, there are reasons for thinking this.

Tax Collection Efforts in Sverdlovsk Oblast Outlined

954F1478C Yekaterinburg URALSKIY RABOCHIY in Russian 21 Jan 95 p 1

[Article by L. Kolbina: "Pay and Perish?"]

[FBIS Translated Text] **"Our work is conflicting," the tax services of the oblast complained at a press conference devoted to the year's results. But despite all the problems, a pretty good crop was "reaped" from the enormous field of their harvest—63,000 enterprises: More than R6 trillion in taxes were received by the budget and off-budget funds.**

Of this sum, 62 percent remained in the budget of the oblast and was used for its needs—social and various other programs. Two hundred and seventy billion of the collected sum were acquired by means of employing various financial sanctions—that is to say, fines.

The tax services of the oblast pride themselves in being third in Russia in terms of collections. However, the "harvest" was nevertheless sorrowful—despite all efforts, budget arrears reached R600 billion, which is 11.2 percent of the total sum. The biggest defaulter is the railroad, and also Transgaz and Sverdlovenergo.

The tax police are beginning to work more and more actively in the oblast. They shared some of their secrets in tracking down ways of "laundering" "dirty money," and also methods firms employ in evading payment of taxes. True, they also did this evasively in a general way. The police also have their own successes—$2.8 billion was returned to the budget by so-called special-exporter enterprises of the oblast government which are striving to put more and more into their own pockets.

"This is nonsense," declared G. Bezrukov, chief of the state tax inspectorate for Sverdlovsk Oblast, when he was asked to comment on the situation, "a number of enterprises will have to pay back in taxes not just 95 kopeks, but 105 kopeks from each ruble earned... That is, pay and perish? Enterprises do have money, but they hide it, not wanting to pay, so they artificially created nonpayments for this purpose. They will pay according to the law—the tax service will not crush anyone."

Well, this nonsense is continuing. The tax collectors have once again declared publicly that the tax system of the country does not suit them either, but there is no other system at this time, and they have to perform their duty no matter what.

Local TV Development in Sverdlovsk Oblast Critiqued

954F1479A Yekaterinburg URALSKIY RABOCHIY in Russian 20 Jan 95 p 2

[Article by URALSKIY RABOCHIY correspondent Yu. Chulkov: "Setting the Wolf To Keep the Sheep"]

[FBIS Translated Text] *Pervouralsk—At the very end of last year the call sign of the Region-TV television and radio company, created two months earlier, sounded for the first time over the city radio broadcast network. Thus, in the competition—so far not overt—with the Pervouralsk Broadcasting Company (PVK), created practically at the same time, the former moved ahead.*

The latter, however, is ahead in another respect: While Region-TV is still waiting to be assigned an air broadcast channel, a channel has already been reserved for the PVK. And, of course, some minor items remain to be done at both: building rebroadcast towers, assembling antennae for receiving in the decimeter range, and equipping studios. According to PVK calculations, in last October's prices all this would cost more than R200 million.

Such is, so to say, the technical state of affairs. And everything seems to be in order there. Nobody is prohibited from doing what they want to the extent of their resources and abilities. An attentive look, however, reveals a different picture.

The statute on the PVK, approved by the city administration, has a small line which says that in addition to many other functions the television company is also vested with the function of enforcing the rules of showing films and videos. I grew very interested in this entry and immediately turned for an explanation to V. Shengur, general director of the fund for social support of the population and a member of the fund's board (the PVK was set up as a fund subsidiary).

"The point in question is implementation of the Council of Ministers of Russia decree dated 28 April 1993 'On Registration of Films and Videos and Regulation of Their Public Showing,' and the Sverdlovsk Oblast Government decree dated 19 July of the same year," explained Vyacheslav Nikolayevich. "I had doubts in this respect: Why us? However, the administration insisted on including this point. Apparently there is nobody else to do it."

And truly, there is not. I have bombarded the administration's culture department on numerous occasions since the spring of last year on the subject of what the trade and technology center Garant—a state company,

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by the way—was showing on the cable. Because they were, and are, showing obviously pornographic films, without a hint of any plot, and obviously pirated. In response, I was referred to the tax inspectorate—this is not our business, I was told. And the tax inspectorate, as Garant's director A. Pustynnikov assured me, found everything to be in order. This must be the truth, because porn is still pouring off the screen.

Now apparently they have found a new enforcer—a television company. Moreover, while currently the PVK has one founder—the fund—in the near future, according to V. Shengur, there will be two more: the cable studio of the Dinur joint-stock company and... the technology and trade center Garant. This is usually called setting the wolf to keep the sheep. In this particular case, figuratively speaking, the wolves will consist of three not-too-finicky animals, which define their appetites in the television field on their own.

It is not hard to predict other consequences of such a situation as well. No matter how things turn out, television companies will inevitably be competitors. And this is where the PVK gets carte blanche. Because the enforcement boundaries are not defined by the decrees of higher-up authorities, and therefore may be interpreted broadly, at one's discretion, up to the point of censorship. Moreover, under the guise of "enforcement" one can always delay broadcasting of a competitor's especially undesirable product, using the delay for one's own or somebody else's gain. There are many variations here.

Why such love for the PVK on the part of administration? It is all very simple. Unlike Region-TV, which is being created with private funds, this is a municipally owned company. How can one not assist one's own! Including preferences: As a social support fund subsidiary, the PVK has a tax-exempt status, now and in the future. Budget infusions cannot be ruled out. In any case, a video camera that costs several million rubles already has been purchased with taxpayers' money.

Nobody asked whether the taxpayers need this costly—see above—luxury at the local level. Which is paid for, in the final analysis, out of their pockets. The higher-ups decided: Yes, they do. Although it is quite possible that the people would have decided differently, the way it is done in the rich West, where the authorities do not have their own "pocket" mass media. People would have decided to use the money as intended, in particular, to support low-income citizens, large families, and other indigent persons, which is what the money of the aforementioned fund is intended for. We can do without local television, for which we do not even have professional staff—this can wait, but it hard to get by without pants and bread.

Private capital is another matter: People are free to do what they want with their own money.

Economic Issues

TASS Carries Yeltsin Edict on State Price Regulation

LD0103184595 Moscow ITAR-TASS World Service in Russian 1003 GMT 1 Mar 95

[FBIS Translated Text] [No dateline as received]—With the aim of extending the economic reforms, increasing the effectiveness of the market economy, and putting in order the state regulation of prices (tariffs), I decree:

1. A further liberalization of prices (tariffs) is deemed necessary. In the main, the state will only regulate prices (tariffs) on the output of natural monopolies.

The Russian Government is to determine—taking into account the norms set by Russian Federation legislative acts—and to approve the lists of production and technical facilities, consumer goods, and services, whose prices (tariffs) on the Russian internal market will be subject to state regulation by the Russian Government, federal bodies of executive power, and bodies of executive power in component parts of the Russian Federation.

The aforementioned lists are to be revised as necessary with regard to the further liberalization of prices (tariffs).

Prices (tariffs) regulated by the state are to be applied on the Russian internal market by all enterprises and organizations, irrespective of their organizational or legal form, or their form of ownership, unless it otherwise stated in legislative acts of the Russian Federation.

2. The Russian Government is to establish order in the state regulation of prices (tariffs) on production and technical facilities and consumer goods and services;

and is to coordinate the activities of bodies of executive power in component parts of the Russian Federation for the state regulation of prices (tariffs), as stipulated in this decree.

3. It should be established that subsidies connected with the state regulation of prices (tariffs) on the list of facilities, goods, and services whose prices are regulated by the Russian Government and federal bodies of executive power should be taken into account when the federal budget is drawn up for the appropriate year.

It should be recommended that the bodies of executive power in component parts of the Russian Federation should, where necessary, envisage allocating subsidies from the appropriate budgets for the state regulation of prices (tariffs) on facilities, goods, and services, according to the schedule on their implementation.

4. It should be established that sanctions will be levied against enterprises and organizations which violate the norms of the legislation on the state regulation of prices (tariffs), in the form of the entire sum of the additional proceeds being recovered, together with a fine equal to

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the same amount, and where there is repeated violation, a fine equal to double the amount.

Proceedings will be instigated, in the prescribed manner, against individuals guilty of violating the norms of legislation on the state regulation of prices (tariffs).

5. The Russian Government is to prepare proposals on levying sanctions for violating the norms of legislation on the state regulation of prices (tariffs).

6. The following are to be deemed invalid:

Decree Number 297 of the RSFSR president of 3 December 1991, "on measures concerning the liberalization of prices", with the exception of the first paragraph of point 1 (Gazette of the Congress of RSFSR People's Deputies and the RSFSR Supreme Soviet, Number 52, page 1,878);

Points 1-9, 11, and 12 of Decree Number 1089 of the Russian Federation president of 17 September 1992, "on the state regulation of prices on individual power resources," and supplements Number two and three to this decree (Collection of Acts of the Russian Federation president and Government, 1992, Number 12, page 929);

Point 9 of Decree Number 405 of the Russian Federation president of 27 March 1993, "on urgent measures to stabilize the living standards of the population of the Russian Federation in 1993" (Collection of Acts of the Russian Federation president and Government, 1993, Number 13, page 1,106).

The Russian Government is to bring its decisions into line with this decree.

7. This decree comes into force from the day of publication.

Breakdown of Jan-Feb Government Spending Reported

MK0303095095 Moscow KOMMERSANT-DAILY in Russian 3 Mar 95 p 3

[Vladislav Borodulin report: "It Is Still a Long Way to Stabilization"]

[FBIS Translated Text] The first two months of this year have not seen any basic change in the country's economic situation, and official statements that 1995 will become a year of stabilization have not so far begun to justify themselves. This is clear from a release by the State Committee for Statistics issued yesterday at a government session chaired by Oleg Soskovets. Furthermore, the results of budget implementation at the beginning of the year show beyond any doubt that there has been an urgent increase in military spending. Before opening the session, the government paid respect to Vladislav Listyev's memory by observing a minute's silence.

State Committee for Statistics experts attribute the economic performance in January-February, which is just a little better than last year, to last year's collapse which occurred in virtually all economic sectors. "Better" in this case means only a slowing down of the rate of recession—not its end. At the same time the SSC states that in a number of industries an absolute increase in output has been observed, which is related to the fact that some enterprises have entered foreign markets and that the situation in the motor industry has stabilized.

A memo on budget implementation was a kind of response by the government to the resumed discussion about the cost of the war in Chechnya. Judging by the results of the past two months, spending by the three ministries most involved in the Chechen operation—the Defense Ministry, the Ministry of Internal Affairs, and the Emergency Situations Ministry—amounted to 6.826 trillion rubles, or 33.43 percent of the aggregate government spending (in January this share was even higher: The Defense Ministry alone accounted for 45.6 percent). To be sure, far from all this money goes to finance the military operations in the North Caucasus, but Finance Ministry experts point out that "their (the revenues'—KOMMERSANT- DAILY) diversion in larger volumes than envisioned in the monthly budget to the Chechen conflict, did not allow the full financing of social articles." At the same time official data convincingly disprove statements by Andrey Illarionov, former economic adviser to the prime minister, that the war in Chechnya costs the budget at least $60 million a day.

On the whole, no basic improvement has occurred in the financial situation. The federal budget deficit amounted to 2.1 trillion rubles (2.66 percent of GDP); to cover it, the government borrowed more than 2.3 trillion rubles from the Central Bank. During the two months, 1.885 trillion rubles' worth of state securities and 1.948 trillion rubles' worth of treasury bills have been issued. Not a cent, the memo stresses, has been borrowed on the foreign market.

As for the government discussion of the situation in the national space industry, earlier KOMMERSANT-DAILY stated its opinion that it will be impossible to lead the Russian space industry from the crisis within the traditional "more or less money" guidelines. Yesterday's discussion, unfortunately, is noteworthy for only one peculiar coincidence: Exactly 30 years ago, the General Machine- Building Ministry was created. Since then 2 March has been considered the official birthday of the USSR space industry.

Finance Ministry on Government Military Spending in the First Two Months of 1995

In January, spending on national defense and the maintenance of law enforcement bodies totaled 3.2 trillion rubles (1 trillion of which was paid in treasury bills), or nearly half (45.5 percent) of all expenditures during this month. The first-quarter federal budget establishes the proportion of such spending at 32.4 percent. The need to

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finance these budget items was motivated by a higher proportion of secured [zashchishchennyye] articles and the costs of the Chechen crisis.

In February, the share of spending on national defense and the maintenance of law enforcement bodies was also fairly high. In the past two months military spending and spending to handle emergency situations amounted to 6,825.68 billion rubles, or 38.43 percent of aggregate expenditures.

Chernomyrdin Hopes for IMF Credit in 1995

LD0203194595 Moscow ITAR-TASS in English 1913 GMT 2 Mar 95

[By ITAR-TASS correspondents Nikolay Pakhomov, Vladimir Voronkov and Gennadiy Yezhov]

[FBIS Transcribed Text] London March 2 TASS—Russian Prime Minister Viktor Chernomyrdin, currently on an official visit in London, expressed hope that the International Monetary Fund (IMF) would extend a 6-bln-dollar credit to Russia in 1995. The negotiations on a credit agreement to this effect are "close to completion", the premier reported.

"Russia has fulfilled all the conditions laid down and agreed upon with the IMF for this credit to be provided", Chernomyrdin told a news conference at the Russian Embassy in London on Thursday. "I believe the negotiations will shortly end with signing a credit agreement", he added.

According to sources in the Russian delegation, Russian Economics Minister Yevgeniy Yasin arrived in London on Thursday. Earlier he negotiated with an IMF delegation in Moscow.

On Friday, the Russian governmental delegation is leaving for France. During his working visit to this country, Chernomyrdin may sign a credit agreement with the IMF, Russian Deputy Prime Minister Oleg Davydov told TASS. The IMF leaders are probably seeking to obtain from the Russian premier the "verbal guarantees" that Russia's financial and budget policy will remain rather tough, according to a member of the Russian delegation, who asked not to be identified.

Russia expects to cover its budget deficit in 1995 largely from the credits extended by international financial organizations.

Reporting on CIS February Summit

[FBIS Media Note] Russia gave comprehensive media coverage to the 10 February CIS joint meeting of heads of state and heads of government in Almaty, but their assessment of progress toward CIS integration at the meeting was restrained, a notable contrast to upbeat assessments from several officials who attended. This media note focuses on press treatment of the discussions on economic integration, especially between Russia, Belarus and Kazakhstan.

Pre-summit reporting was devoted mainly to Straightforward discussions of the tasks which faced the attendees, rather than being analytical or polemical. Although the 31 January KOMMERSANT-DAILY referred to "Substantial upheavals in this area [of economic integration]," commentator Sergey Tsekhmistrenko reminded readers that "precisely one year ago Russia announced. .. 'a change of landmarks' in its policy toward the near abroad." This change, according to Tsekhmistrenko, led to a policy in Moscow "dominated by integrationist trends." As further evidence of the upcoming summit's practical rather than ideological nature, he pointed out that "the main debate in CIS capitals was no longer focused on the issueof integration, but on its forms." Yuriy Nikolayev, writing in the 2 February issue of ROSSIYSKIYE VESTI, also noted the pragmatic nature of the upcoming Summit. He commented that "the general trend gripping all members of the CIS is that of rapprochement and integration

Political considerations may influence that integration, of course, but they cannot Stop it altogether." He added that "the task for 1995 is to give real substance to these agreements that have been reached and to move on to practical action."

Commentator Mikhail Shchipanov described the CIS States' approach to integartion as realistic and businesslike in his 8 February ROSSIYSKAYA GAZETA article. He pointed out that the thrust of the new process...boils down to the fact that "countries of the near abroad choose... the level of integration that coincides most closely with their ideas of economic and political expediency." Shchipanov described the realistic aspirations of the CIS members in which "a new flexible outline of projects based on bi- or trilateral agreements opens the way now to avoid grandiose and complex procedures, .and the unreliable quest for consensus." Although such separate agreements did not signify the "collapse" of the CIS, the author warned that "it is essential yet again to clarify the general boundaries for commonwealth integration . . lest a gap in the levels of cooperation... become irreversible, jeopardizing the process of restoring first and foremost the unity of economic links" in the post-Soviet era.

Addressing the opening of the summit, President Boris Yeltsin himself emphasized the need to make integration a reality: "We must achieve a breakthrough towards practical integration," (ITAR-TASS in English, 10 February). He added that positive results would only come about if there were a "clear-cut realization that there is no alternative to the course of integration and consolidation of the commonwealth."

Though reporters covering the summit provided routine material on the agenda, speakers and attendees, comments from Some of the participants were noticeably

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more upbeat on prospects for economic integration, Prime Minister Chernomyrdin, quoted by ITAR-TASS in Russian at a 10 February press conference, stated that he was confident that "an economic union of CIS States will be founded Sooner or later." Also on 10 February, ITAR- TASS in English cited Kazakh President Nursultan Nazarbayev's Statement that "substantial progress has nevertheless been made by the Commonwealth of Independent States." And Anatoliy Ladin and Vladimir Maryukha reported Nazarbayev's assessment of the summit as "further deepen[ing] integration processes with the CIS" in the 11 February issue of KRASNAYA ZVEZDA,

But Oleg Rybakov, chief of the Administration for Cooperation Strategy and Organization of the Ministry for Cooperation with CIS States, gave the most enthusiastic report of the event, He wrote in ROSSIYSKIYE VESTI on 10 February that "the newly independent countries have seen from their own experience that the breakdown of economic ties among them is having a dire effect on their economies." As a result, according to Rybakov, "at the start of this year a desire for integration became clear," After briefly discussing the agenda and the agreements that were to be signed, Rybakov concluded that "there is every indication that the decisions of the top-level forums will be a significant milestone in the CIS countries' progress toward integration in the most diverse areas of social life."

In his follow-up reporting on the summit, Mikhail Shchipanov wrote in the 14 February ROSSIYSKAYA GAZETA that many journalists appeared slightly disappointed after the final press conference of the Almaty meeting, . .They were still expecting. . , if not major upheavals, then at least momentous 'breakthroughs' or the turning of a 'new page"', But this did not happen. Instead, as Shchipanov reported, there were talks behind closed doors and bilateral and trilateral agreements were signed. "Behind the scenes," he added, "one repeatedly heard the idea expressed that bilateral relations within the CIS framework are continuing to take precedence over the seemingly orchestrated collective content of the summit." Such a "dialectic," as Shchipanov called it, was natural and signified, in his view, "that the romantic era is also coming to an end in the sphere of relations among the countries that constitute the near abroad."

PRAVDA special correspondent Igor Lenskiy's 11 February assessment 0f the summit was the most polemical, He dismissed the significance of the cust0ms union between Kazakhstan and Russian, pointing out that "anyone wh0 has visited the customs posts can see for themselves that virtually everything is exported from Russia to Kazakhstan and practically nothing from Kazakhstan t0 Russia," Though others considered that "the building of the CIS economic union is going successfully," Lenskiy disagreed. "In my view," he concluded, "no important step forward capable of directly affecting the daily lives of 300 million former Soviet people was taken in Almaty."

Chubays Heads New Federal Securities Ministry

95P50075A Moscow ROSSIYSKIYE VESTI in Russian 2 Mar 95 p 1

[Unattributed article: "Chubays—and He is Chubays in the Stock Market"]

[FBIS Translated Text] By a Russian Federation presidential edict, the commission on securities and the stock market has been elevated to the status of a federal ministry. Thus the "father of Russian privatization" (he is indeed chairman of the commission) is today not only deputy prime minister but also a federal minister. And if you take into account that his battle-trusted deputy in Goskomimushchestvo [State Property Committee] Dmitriy Vasilyev has today become his deputy in this new ministry, recalling the work of this tandem in the field of privatization, "the ministry of securities" which, in essence, the federal commission will become today, will turn out to be a sufficiently powerful instrument for influencing the state in developing the stock market.

Critical Situation in Banking System Noted

954F1477A Moscow KOMMERSANT-DAILY in Russian 16 Feb 95 pp 1, 5

[Report by Yelena Stanova and Mikhail Loginov: "Russian Bankers Have a Whole Bouquet of Troubles: ARB Press Conference"]

[FBIS Translated Text] **On Tuesday evening the Association of Russian Banks (ARB) held a press conference in Moscow. Its organizers defined its theme as follows: "On the critical situation surrounding the banking system." Although at first glance the discussion seemed to be about specific banking problems, certain fundamental positions advanced by the ARB give us reason to think that bankers are seriously troubled by the prospective harshening of financial policy this year.**

The press conference opened with an indignant speech by ARB President Sergey Yegorov, who accused Gosnalogsluzhba [State Tax Service] and the Finance Ministry of uncivilized actions. The problem is that these institutions, in deciding the appropriate taxation on bank profits for 1994, have refused to take into consideration banks' expenses in establishing reserves against possible losses from loans.

The situation is indeed quite unpleasant. Let us briefly review the crux of the matter. Government decree No. 490, in accordance with which reserves established by banks are considered bank expenditures and thus decrease taxable profit accordingly, was issued on 16 May 1994. In late December 1994 the Central Bank [TsB] issued its famous letter No. 130a, which regulated the procedure by which banks could establish reserves against possible losses from loans. However, Gosnalogsluzhba and the Finance Ministry pretended that they knew nothing about the government decree, and on 30 January they issued a joint telegram (No. 4-1- 21/No.

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NP-6-01/46), which said that the taxable profit on the sum of indicated reserves did not decrease. Learning of this, TsB Deputy Chairman Aleksandr Khandruyev sent a letter on 3 February to the Duma, to Budget Committee Chairman Mikhail Zadornov, with a request to instruct fiscal organs to repeal this joint telegram. The Duma committee agreed with the TsB and adopted a special resolution recommending that the Finance Ministry and Gosnalogsluzhba cancel the effect of several of their telegrams, since they contradicted existing legislation. On 6 February encouraging information went through Praym agency channels about a joint telegram being prepared by Gosnalogsluzhba, the Finance Ministry, and TsB that put everything in its proper place. The joy proved premature, however. According to Mr. Yegorov, the Finance Ministry and tax service are not carrying out the State Duma's recommendations and are continuing to inflict tyranny. As a result, "we have a conflict between **all** the tax inspectorates and **all** of Russia's banks."

The bankers moved on from their claims against the fiscal organs to their claims toward Russia's Central Bank. The banks do not like (a) the raised standards for mandatory reserves for ruble accounts; (b) the introduction of the establishment of reserves (2 percent) for hard currency accounts; and (c) the procedure for accruing interest on overdue centralized credits. In the opinion of ARB, new demands to increase mandatory reserves "limit the opportunities of commercial banks to extend credit and make investments."

However, all is not quite so simple here as in the litigation with the tax organs. The TsB representative we were in touch with stated that the introduction of new reserve standards for rubles had been preceded by an analysis of the financial condition of the banks, which revealed an excessive level of liquidity. Since in January the market in loan capital was operating under conditions of negative real rates, money was by being put into the hard currency market and by no means into "extending credit and making investments." Given this situation, in the TsB's opinion, raising the standards for reserves was perfectly justified. The TsB considers the weak reaction of interest rates to this measure oblique confirmation that new forms of mandatory reserves did not damage the market. The TsB explains individual surges by other reasons, especially rumors about the introduction of a fixed rate of exchange. Moreover, the TsB representative reminded us that some countries that have gone through periods of financial instability have introduced even "stiffer" standards for mandatory reserves: Italy—22.5 percent, India—31.5 percent, Israel—as much as 60 percent. As for establishing reserves for hard currency accounts, the TsB representative thinks that this step was also logical if you consider the high proportion of hard currency in the assets of Russian banks. The transfer of large ruble sums into hard currency has virtually removed a significant portion of banks' funds from the demands for establishing reserves. As for the last claim about accruing interest on the interest of overdue centralized credits, here the TsB representative was terse: "That is so they will pay it back."

Having honestly set forth the content of ARB's main complaints, we must note that only at first glance is this a dispute about particulars. In fact, behind the contradictions between the ARB on one side and the TsB on the other stand much deeper disagreements. A press release prepared for the ARB press conference, contains this phrase: "In the current unhealthy situation... we need a **moderate** monetary policy." At the same time, the government and TsB have come out firmly for a **harsh** monetary policy. Obviously, the banks cannot forget their heyday in 1992-93, when under conditions of high inflation their real assets grew constantly. The relative financial stabilization in the first half of 1994 brought the banks many disappointments, and the prospect of a new tightening of financial policy in 1995 cannot fail to trouble them. Hence their thoughts about "state support of commercial banks" and a certain dramatization of the situation—"a critical situation," "many thousands of depositors stand behind them (the banks—K-D)," and so forth. Actually, this is normal. Banks are not worth anything if they cannot defend themselves.

*Agreement on Improving Oil Industry Situation Reported

954F1447B Moscow KOMMERSANT-DAILY in Russian 15 Feb 95 p 1

[Article by Aleksandr Tutushkin: "Company Tried To Derive Benefit From Friendship With Regions"]

[FBIS Translated Text] **KOMMERSANT-DAILY has written about the active policy of YuKOS in Russia's central oblasts more than once. The company is responsible for providing them with oil products. At the beginning of last year the company management introduced into practice regular conferences with heads of oblast administrations, the purpose of which was the attempt to coordinate the interests of producers and consumers of products of the oil complex. At first these meetings, basically, were of an enlightening nature. Oil industry workers talked about how difficult it was for them to live and tried to persuade governors to pay for the fuel received. However, the regular meeting, which was held in Nefteyugansk last Sunday, demonstrated the concrete results of such enlightenment—participants in the meeting developed a uniform view of the problems concerning operation of the fuel and energy complex and methods of its normalization. Thus, the company (one must think, not without the help of Yuriy Shafranik, Russia's minister of fuel and power engineering, who participated in the meeting) managed to convince governors of the coincidence of their interests with those of the oil sector, and thereby to significantly expand the base for their lobbying in bodies of federal power.**

Managers of the central apparatus of YuKOS and of all its constituent enterprises, as well as heads (or deputy

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heads) of administrations of almost all oblasts, where the company's sales enterprises are located (almost, because officials of Voronezh Oblast ignored the meeting), took part in the conference. Participants in the conference reached the common view that the main reason for stoppages in the provision of regions with petroleum products lay in the shortage of circulating capital throughout the technological chain from the extraction of raw materials to sales of products.

In connection with this, the conference decided to turn to the prime minister of the Russian Government in a letter, which substantiates the need for an urgent change in the tax and price policy. In particular, it proposes that the excise on oil be abolished and that it be transferred to wholesale prices of petroleum products. At present rates of the oil excise indexed at the rate of the dollar are growing much more rapidly than the price of the raw materials themselves (last year the cost of Yugansk oil increased 2.1-fold and the excise increased 2.8-fold). As a result, the share of this tax in the cost of oil has reached 14 percent. Its inclusion in the wholesale price of petroleum products (that is, transfer to the final link of the technological chain) will enable refiners to buy more raw materials and, consequently, to increase the production volume. Sales organizations will receive similar advantages. At the same time, the rates of increase in oil prices will slow down.

Another proposal by the participants in the conference lies in the inclusion of payments for credit resources in the cost of petroleum products. Sales organizations are chronically short of their own funds and the 35-percent supply and sales allowance does not fully cover expenditures on the servicing of short-term bank credits for the purchase of fuel.

Oil industry workers and regional authorities also believe that it is time for the state, in its fight against nonpayments, to think about its own debts. First of all, it is a matter of unpaid deliveries of food to agricultural producers, which do not enable them to settle accounts with the company for fuels and lubricants. In connection with this, it is proposed that special treasury bills be issued for a limited circle of agrarian owners and oil enterprises. These bills can serve as a means of mutual settlement, and the last owner will pay them off in exchange for an adequate reduction in tax rates.

Yuriy Shafranik's participation in the conference work emphasized (and he confirmed this) oil industry workers' resolution to fight against consumers' nonpayments to the end. YuKOS President Sergey Muravlenko categorically declared that the company was no longer able to deliver fuel without prepayment (or firm payment guarantees). In turn, representatives of regional administrations admitted the fairness of these intentions. But then they also admitted this last year, which, however, did not prevent the withdrawal in a number of oblasts of petroleum products from bases without any payment at all.

Another (not advertised) purpose of the minister's presence in Nefteyugansk can be pointed out. A week ago KOMMERSANT-DAILY wrote about the restructuring of YuKOS operation that has begun, the essence of which lies in the fact that all products will now be sold only through the company. Therefore, in addition to holding the conference, the signing of an agreement with Aleksandr Gulyayev, head of Yuganskneftegaz, on the placement of all produced oil (with the exception of export) under the authority of the company was an important task of Mr. Muravlenko's stay in Nefteyugansk. From the point of view of YuKOS integration, this step, certainly, is decisive. However, it is doubtful whether Mr. Gulyayev did this with a light heart. Therefore, it is not ruled out that with his authoritative presence Shafranik decided to back his old colleague Muravlenko in a situation difficult for him.

*Roundtable Examines State of Russia's Economy

954E0571A Moscow PRAVDA in Russian 14 Feb 95 pp 1-2

[Report on roundtable conducted by Arkadiy Ivanovich Volskiy, president of the Russian Union of Industrialists and Entrepreneurs, and Aleksandr Alekseyevich Ilin, editor in chief of PRAVDA, at Russian Union of Industrialists and Entrepreneurs on 26 January: "Economy: Crossroad or No Road?"]

[FBIS Translated Text] **On 26 January the editorial department of the newspaper PRAVDA held a "roundtable" in the Russian Union of Industrialists and Entrepreneurs. The most acute problems of the economy and ways of getting out of the deep crisis, in which almost all its spheres are, were discussed. The following were participants in the meeting: Igor Grigoryevich Artyukh, general director of the Toriy Production Association, Boris Fedorovich Borin, general director of the Elektrostal Joint-Stock Company, Yuriy Aleksandrovich Gulko, general director of the Metrovagonmash Joint-Stock Company, Zakir Khuseynovich Damayev, director of the Moscow Flour Milling Combine No. 4, Nadezhda Georgiyevna Kalinina, chairman of the board of the Krasnaya Zarya Leasing Association, Leonid Petrovich Kubarev, first vice president of the International Union of Machine Builders, Izrail Yakovlevich Kremenetskiy, president, general director of the PShO-Moscow Joint-Stock Company, Valeriy Timofeyevich Saykin, general director of the AMO [Moscow Motor-Vehicle Society]-ZIL [Moscow Motor Vehicle Plant imeni I.A. Likhachev] Joint-Stock Company, Pavel Nikolayevich Skrinskiy, general director of the Moscow Plant imeni Vladimir Ilich, and Nikolay Grigoryevich Khavkin, general director of the Sokol Production Association (city of Belgorod).**

Arkadiy Ivanovich Volskiy, president of the Russian Union of Industrialists and Entrepreneurs, and Aleksandr Alekseyevich Ilin, editor in chief of PRAVDA, conducted the meeting.

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[Ilin] According to the presently widespread opinion, our newspaper is an opposition newspaper. This is so. However, we—PRAVDA workers—today, as before, strive to help all working people in Russia and in CIS countries to find the way out of the present tragic situation. In our opinion, the chief thing is to give an impetus to the development of domestic production and to the overcoming of unemployment and the decline in the standard of living. I would like to hear what you—those who more acutely than others feel these problems, as people say, on their skin—have to say

[Artyukh] In order to find the way out of the crisis, we must determine what its essence is. The essence lies in the monetary policy—this says everything. A model suitable for countries where there is a crisis of overproduction was adapted to our economy of scarcity. We are now told that the defense industry allegedly devoured incredible funds. However, it also produced television sets, refrigerators, microwave ovens, and so forth. Yes, a great deal of money went to the defense industry, but it also did a great deal. Now, however, all this simply has been demolished and people have been taken out of the sphere of production. They have been lured to secondary, but unprofitable, spheres. We have, I beg your pardon, "theoretical economists," who did nothing for the socialist economy, but received the title of academician, became fascinated with someone else's model, and threw it to us.

It is useless to fight against inflation without developing production and without pouring material resources into it. It will exist all the time because if we do not produce, if we obtain nothing, the last thing that we still produce must cost a great deal.

Today banks do not know what to do with money, but people are not paid wages. Nonpayments have reached astronomical amounts. The miners could not endure this—they strike. Soon our plant workers will not be able to endure this.

It is sad. Look at the figures: The minimum wage is 20,000, but a ticket to Moscow costs 48,000.

[Gulko] It is useless to say that we are establishing some market. It does not exist. We lost it, or rather, we ourselves gave it away—machine building, food, and military equipment... What are we doing?!

[Volskiy] I will cite appalling figures. Today our market is filled with foreign goods: with food, 40 percent, and in Moscow as much as 60 percent.

[Gulko] This is terrible. We need to determine the basic directions in the country's development and, of course, protect our market. Look at what others are doing. Chernomyrdin flew to India and the U.S. secretary of defense followed him. For all the agreements with Chernomyrdin he gives India the most preferential credit—$7 billion. Thus, with his military equipment he ousts ours.

It is time to stop giving away the market and the economic space. Arkadiy Ivanovich Volskiy, who received us today, sets a good example. He rushes from one country to another: Belarus, Uzbekistan, Bulgaria, and Romania... He has one goal—to help Russia stay in the goods market.

[Volskiy] Everyone must fight for the market...

[Gulko] If this fight is not waged, unemployment and poverty await us. Look at the system of export crediting we have. It simply does not exist. You go to Shang-hai and people say: Excuse us, we agree to take your railroad car and subway, but what crediting system do you have? The Germans came to us, gave us $450 million for the Shang-hai subway, and wrote down: 95 percent—equipment from Germany. But we give away oil and gas without any conditions. They resell them there and then for their own benefit. Why for Russian gas and oil does Ukraine buy Jaguar combines, not Don or, for example, trucks made by ZIL?

During this discussion I would also like to raise the question of the structural shift and its controllability. Now everything is uncontrollable. Strange rules have become established: The state does not give a damn about industry—live as you wish, but give it a slice, and a really large one. Today our state is the chief racketeer in the country. You fulfill a state order, but how are payments made? There is a delay of three months, inflation is pressing, and by the time the payments arrive, you are left with only kopeks. Meanwhile, we can replenish circulating capital only from profit—nowhere else. In brief, the domestic industry is being suffocated and brought to bankruptcy.

Our plant produces subway cars. However, there are no subsidies for the support of this important social type of transport. And so, if no car, no spare part, is bought from us now, there will be accidents and fires in the subway. Every train transports 2,000 passengers...

[Khavkin] What kind of reform is this if a working person's life is getting worse and worse? In China there are also reforms, but statehood has been preserved and with such a population size people live better from day to day and from year to year. The approach to reforms is totally different there. They do not have such heavy taxation as we do. Taxes must be paid, but they should not be carried to the point of absurdity, leaving 4 kopeks per ruble for the enterprise. Who tears the skin from a sheep in order to clip off the wool?

Credits mean death. Short-term credit is given at an interest of 200 percent. One must have fantastic profitability in order to cover debts, or to include a 200-percent interest in the price. Who will endure such high prices? Today two-thirds of industrial enterprises are considered insolvent. We produce automatic telephone stations, which used to sell like hot cakes. The enterprise was considered strong. Today the knot is being drawn more and more tightly. We are putting the first five

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electronic stations into operation, but are completely deprived of circulating capital.

How can we survive? In addition, the government offers a duty-free import of similar equipment. Right away such firms as Siemens, Ericson, and others dashed to fill the market niche in Russia. These firms stop at nothing, offering any terms and long-term credit for five years for their stations. Just take it. However, this is a running knot! One most important detail: When Operation Desert Storm was going on, all the communication in Iraq, which had been developed by foreigners, was cut off from the airplane. That is, the software was such that, according to a certain code, all communication was cut off. Does anyone think about this in our country? It seems to me that the way out of the crisis is possible with a moratorium on energy sources, tax reduction, and preferential long-term credits.

[Borin] We came to the market with much worse equipment and technology than other countries. Hence our difficulties. There is an urgent need for state support for extracting or producing sectors. One cannot plan and forecast one's production when prices change every day. In order to catch up with Western firms, investments are needed. Let it be foreign funds, but we and our partners must have faith that prices will not change tomorrow. Today, however, they are on a swing: In the morning, one price and in the evening, another.

[Skrinskiy] Our enterprise has the highest-level technologies: Accelerators and solid-state lasers are not made on a lap. In the Union not long ago the order was for 54 or 55 sets; now it is six, at best eight, sets and only for export. In three years there has not been a single order in Russia or in CIS countries.

These products belong to the category of science-intensive products. A total of 200 specialists worked on lasers—17 remain. What do we see? We see that absolutely highly effective technology, which is recovered in half a year, in essence, is being destroyed. And so, the Japanese, Chinese, and Koreans need accelerators, but we do not? We do, but how can our client get credits? You see, the same topic. It is very painful. In brief, I think that laser production is in operation for the last year and, if again nothing changes with respect to accelerators, next year all this will be destroyed, although, when we began there were fanfares, orchestras, and optimism.

They were... We also manufacture washing machines. Nothing fantastic—of a Russian design. At one time there was a nine- to 10-month line—of disabled soldiers and workers alone—for these machines in stores. Now there is no one in line. A machine now costs 395,000, but average wages are one-half of this. And so, save two month's wages in order to buy this washing machine. Do not eat.

And the third factor—it is simply deadly for us. According to today's prices, R600 billion were spent on the enterprise reconstruction begun in 1986. One-half of the amount came from the budget and the other was investment credit. Then the following decision was made: to stop the reconstruction and freeze everything the way it is until better times. There is no money. Consequently, the money invested was lost. Is this not madness caused by the market?

[Saykin] I have the impression that they began to carry out reform after a deep hangover, or maybe when they were completely drunk. They began to push buttons and mixed up everything. You and we are to blame for getting into this quagmire. There was a gigantic country and a gigantic industry... Yes, one-sided, yes, maimed, with a swollen military budget. However, not everything in succession should be broken. Nevertheless, it was broken. Look: France is a fairly successful country, it is not on the bottom of the list, but how it regulates prices! I often meet with Americans, and we understand each other well when we discuss the economy. However, when you talk with our people, especially with the "new Russians," you do not understand them and they do not understand you.

Privatization is carried out in the form of an order: If you are not privatized within three months, the plant will be closed. Everyone started privatization. And they overprivatized themselves: A total of 26 percent of the shares, the controlling block of our enterprise, were sold for $4 million. ZIL's trouble is that it was very disciplined and did everything according to the edict and the law. Everything was put up for auction and everything was sold.

Toward what are we going? Today the potential is being destroyed and everything is being done against the producer. Taxes are like an asphalt roller. Workers have no economic incentives. They are selling shares and leaving. The collective is collapsing. The state does not help. It is impossible to cooperate with the West. No matter what we do, everything turns against ZIL. Joint enterprises—essentially, this is a kopek for our side, but the basic capital is abroad. Last year we had losses of R120 billion.

If we talk about the rules of transition to the new economy and a new regime, legislation should also have been prepared in some stages, so that they may come out in blocks. But it turns out that here we work under socialism and there, under capitalism. All people are knowledgeable. Look, private business pays fewer taxes. And if there are no returns, who should be taxed? Plants. But they are collapsing anyway.

I am also told: How come you did not manage to enter the market on time? I can excuse myself: I did not manage it, because I have been working as a director for five months. However, how can one manage if, usually, enterprises for market relations are established with a vast number of different products. But we have one basic truck. And we run it through all automatic lines. How can this be restructured? Trillions are needed, but today

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no one will give us these trillions. And so it turns out that whether one wears a hat or not, one is a fool. We were put in such a situation. Today the state owes ZIL $120 million. If only we could get them! Yeltsin and Chernomyrdin say: We will not let ZIL be ruined, but apparently the new plant owners do not give a damn.

[Kubarev] A disaster befell the sorest point of the economy—machine building. A total of 97 percent of the sector's enterprises are on the verge of insolvency. The most terrible thing is not that production is coming to a halt, but that it is undergoing atrophy. The intellectual potential is coming to a halt, because machine building is primarily brain, intellect, and competence.

Machine building was established under a certain system of management. Now it does not exist. It has collapsed and machine building is on the rocks, without a "lubricant." Our sector cannot so simply change over to the market economy. It is not in a position to do so. It must be prepared especially, with a sensible conversion program. True, we received this program, which was prepared by very important departments, from the government. It is designed for 1995-1996. You see, for two years. Is this conceivable? What can be done during this short period? Nothing.

What path do we offer? The collective mind must be involved in our affairs. The Russian Union of Industrialists and Entrepreneurs and the Union of Machine Builders were established for this. Large sectoral institutions and universities must be recruited. Our main wish is not to be hampered. After all, constant changes in the rules of the game and all sorts of obstacles wear us out.

[Kalinina] Our enterprise is lucky. We have managed to retool ourselves and have bought new equipment with our own funds—we clamber and flounder on as long as we can. However, every day our hearts sink: Suddenly, we will shut down tomorrow. Because there is no circulating capital and it is impossible to take credits, since, basically, real estate is mortgaged against them. Tver and Vladimir textile industry workers went on strike. We turned to the authorities. We went to the Duma and placed pickets, but what was the use?

Light industry is dying of the shortage of raw materials. Last year we seemingly received preferential credits for the purchase of Uzbek cotton. Lots of middlemen appeared at the cotton conducting chain and raw materials got into commercial hands, arriving at cotton plants, but at different prices. Moreover, they are being sold to Turkey and Pakistan. In these countries there is a bad harvest and there are world prices. It is profitable for dealers. We now buy yarn in Pakistan.

The loss of our market has already been discussed here. We ourselves gave it away. Did you examine Moscow counters? Let us drop in at Detskiy Mir, to where, previously, it was impossible to deliver any little thing without the authorization of the sanitary and epidemiological station. What is there? Articles from Syria, Iran, Turkey, China, and so forth—goods that in no way meet our all-Union state standards. But trade takes them, because it can put any prices on labels. It cannot take such liberties with Russian goods—and so, they lie in the warehouse. In 1993 the import of textile industry goods to Russia exceeded their production in our country threefold.

And another thing. Some of our products are sold with foreign labels. People think that the coat is from Germany, but it was made on the neighboring street.

I fully support the idea of a federal contract system when our really necessary products must find their customer. Yes, this is regulation and I am an advocate of state regulation. Quotas and licenses for the right to trade in our country should be introduced. Who will carry this out is secondary. The chief thing is that Russia's textile industry does not die.

[Ilin] From time to time the following thought creeps into the press: Present directors in no way can be called red—they have already changed their color, have fully adapted themselves to the market, receive huge wages, have acquired cottages, and so forth.

[Voices] Pure slander. Only a handful have high wages and private homes.

[Kremenetskiy] You can write it down: My wages are 1:3, that is, I receive three average worker's wages and our worker's wages are R230.

[Volskiy] Others have approximately the same.

Believe me, it is a myth that directors have villas and the highest wages. Of course, there are some directors who can be included in such a category. In any country there are exceptions to the rule. But this cannot be said as a rule. Attacks on directors lead to no good. Many of them submitted notices of resignation. For example, in Siberian oblasts up to 20 percent could not stand it and left.

Whereas today directors, figuratively speaking, stand in the gateway and, spreading their arms, do not let people out on the street, tomorrow they will stop standing like this. This must be clearly understood.

[Kremenetskiy] However, let us go back to the main topic of the discussion. The fiscal policy is very strange—we pay taxes in advance. If you want to receive credit, pay interest. However, why does the state not pay interest for the fact that we pay taxes ahead of time, in advance? Moreover, we cannot receive money for a whole year. A presidential edict on nonpayments was issued. Consider it. It implies that everyone is a swindler. If you did not demand payment from the partner in three months, it means that this was planned especially so that he would not pay. It is clear why. Godfathers, they say. However, this is nonsense, there is no normal director who would not demand a debt.

It is difficult now and it will get even worse. Economics Minister Yasin said openly: This year there will be no tax

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cuts, because the country needs money. But since January the value of fixed capital has quadrupled approximately. The property tax has risen. What is there to say? We have calculated that, with output worth R20 billion, we will be left with a profit of only 300 million. Is this money? This is kopeks. I repeat what was said: Do not hamper us, untie our hands. If we operate normally and produce good products, there will be taxes and the budget will be replenished. We cannot hide income, this is impossible. Small fry, stall owners, and small producers hide everything. Large enterprises are not taught to hide.

Now about customs duties. Russia did not learn how to make equipment for light industry. Only the Podolsk Machinery Plant remains now. Believe me, no one will buy a machine there, no one needs it. I recently purchased 22 machines and have thrown them out. Where can one get good ones? Abroad. However, taxes and customs duties should not be imposed until we develop our own machinery and equipment.

[Damayev] Discussing priorities, it seems to me that without the solution of the food problem we will solve nothing. Spring is approaching, but not everyone has seeds, equipment has not been repaired, there are no fertilizers, and the livestock population is declining. We buy meat and grain abroad and with this we strike a blow not only at the economy of our agriculture, but we also leave machine builders, metallurgists, power engineers, and chemists without work. This policy must be revised somehow, although, from my point of view, this can hardly be called a policy. Then grain of the best quality is not delivered to us.

I would also like to talk about the situation with bread. It is becoming increasingly worse. We take credit, buy wheat, make flour from it, turn it over to bread-baking plants, and the latter turn it over to bakeries. Stores sell everything there and then, but return the money to us only after three or four months. That is, we took credit, made flour, and gave it away free of charge. But we must continue production, we must feed people, and again we take credit. We are getting further into the debt trap, but I don't know how to crawl out of it. Tomorrow's forecast is not comforting.

[Volskiy] It is a very bad forecast. In Russia last fall winter crops were sown on 13 million hectares less than in 1993. This means that under ideal weather conditions the harvest will come to 82 million tonnes. As you know, the need is 110 million. And so we will be forced to buy 30 million tonnes abroad.

[Damayev] I would like to report that three Russian ports can accept 10, not 30, million tonnes of grain. Where can the ships be unloaded?

[Volskiy] The idea of state management of the market economy was heard. I will recall how Roosevelt began to get out of the 1932-1934 crisis. The country was in the grip of a deep depression, the budget collapsed, the situation resembled ours in many respects, and 40 percent of the taxes were collected. Roosevelt adopted two laws: the first, on integrity, and the second, on the establishment of a state market of goods and services. The latter operates to this day. Many countries adopted such laws during the most difficult times for them: in Germany after the war, and in France during de Gaulle's rule. I will tell you that today the national market of goods and services in the United States comprises 40 percent, as compared with our 12 percent.

The concept of state management includes the federal contract system. This does not mean state orders. Client organizations and contractor firms are established. A tender, that is, a bid, is announced for absolutely any product that the country needs, be it baby food or a missile. Whoever wishes, participates. What corresponds to the thesis—better quality for less money—wins. This contributed to the curbing of corruption, which was of a vast nature at that time.

In the United States the federal contract system accounts for 40 percent of the goods and services, and in France, Germany, Italy, and England it is somewhere in the area of 50 to 60 percent. But in our country it is 12 percent.

Attention should be drawn to the following fact: If the entire decline in production in Russia, which we have discussed today, is taken at 100 percent, the breakup of the Soviet Union and of economic ties accounts for almost one-half.

Therefore, it is no accident that today we have talked about the restoration of the market among CIS countries. We have literally begun a fight for the reestablishment of the economic union, which also has a political aspect. After all, the economic union will require that law be brought into uniformity or at least comparability. Once there are laws, this is policy, this is legislative power, this is government.

Today we have heard the following question: Why did incompetent personnel get into the country's leadership? Here is a graphic example. A herd of horses is running through a ravine. Suddenly, a stone falls and blocks off the road. The herd must be turned around, but it cannot make a U-turn. Therefore, every horse makes a U-turn and those that are the last become the first. This is an absolutely normal process during a change in the social system and during a change in the economic system.

Moreover, the need to work with personnel has disappeared. I say this with full responsibility. If only 13 percent of government decrees are fulfilled, this means that either they are written poorly, or there is an elementary lack of discipline. Those who do not fulfill laws and decrees simply must be relieved of their posts. Please tell me, do you know at least one example when a person was dismissed for nonexecution of laws?

The entire system of controllability of personnel and of work with it has been lost. Are the following cases

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permissible? The governor of Amur Oblast was invited to work as chairman of the State Property Committee. One could have asked him during the appointment: How do you view privatization? Two weeks after the appointment they found out that he had a different view and they explained: "Well, a young man was brought in from the province."

Today my colleagues have touched upon extremely acute, practical problems. This makes it possible to see what is taking place more clearly and to distinguish the harsh truth of life from the self-intoxicating attempt by the romantics of monetarism to demonstrate the completion of "main reforms" and the thesis on the stabilization that allegedly has begun. Now it is important to be guided by common sense and to decisively begin not only a check on the activity of monetarists and their criticism, but also a joint development of real measures for changing over to a modern socially oriented market economy.

New facts and figures can be added to those cited here. They indicate that during the period of reforms the decline in industrial production made up almost one-half and that Russia's economy began to acquire a pronounced raw material nature. The Russian economy lost its controllability and was driven into a vicious circle—from decline to inflation and back. A process of lumpenization most ominous in its social consequences is growing. Only about 1 million highly skilled workers, or approximately 5 percent of the total number, have remained in the country's industry.

The Russian Union of Industrialists and Entrepreneurs, jointly with a wide circle of economists, entrepreneurs, and directors of enterprises from various regions, has developed a system of measures to extricate the country's economy from the crisis.

Not long ago I was at a conference of representatives of 500 enterprises in the Volga Region, which includes four republics and seven oblasts. Before that I had a meeting in Irkutsk with the Siberian agreement and with the North Caucasian Association and in St. Petersburg with representatives of the North-Western Region. It is noticeable how people's mood changes. They are preoccupied with practical, both economic and political, problems. Many, even those who have changed over to new forms of work, are afraid of the collapse of their enterprises and this can lead to unpleasant consequences.

Therefore, we have decided to examine specific measures to get out of the crisis at the next congress of the Russian Union of Industrialists and Entrepreneurs. I am confident that today's "roundtable" will also serve as an incentive for this.

Roundtable on Unemployment Problems

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[Unattributed report on roundtable conducted by the Council for Social Policy under the president of the Russian Federation; place and date not given: "Unemployment in Russia: Myth, Inevitability, or Objective Reality?"]

[FBIS Translated Text] This is how the subject of a "roundtable" meeting, which the Council for Social Policy under the president of the Russian Federation recently conducted, was formulated. Its participants discussed the reasons for unemployment in Russia; the attitude of the people, society, and the state to this problem; ways and methods for averting massive unemployment; state regulation of employment; the interconnection between migration and the formation of the population's employment; regional aspects of employment; etc. Taken as a whole, the participants in the discussion were, in the final analysis, generally divided into two camps. Some, when proposing a way out of the situation, put the state's interests in first place; others—the individual's. The position of the former was that there is no other way except to move toward an increase in unemployment today; in return, this will save everything and everyone tomorrow. The position of the latter was that if one forces people today to tighten their belts even more, there will be nothing and no one to save tomorrow. However, although each had his own opinion in general, those assembled were able to arrive at a number of general propositions that did not evoke any disagreement among them.

Vladimir Trubin, chief of the Administration for Organizing Social Security in Russia's Ministry of Social Security; Aleksandr Kotlyar, a division manager in the Central Labor Institute; Boris Rakitskiy, scientific director of the institute for the country's prospects and problems in the Academy of Natural Sciences; David Shavishvili, director of the Center for Living Standards, Social Safeguards, and Labor Market in the Academy of Labor and Employment; Aleksandr Ananyev, deputy chief of the Administration for Regulating the Population's Employment and Income Policy in the Russian Federation's Ministry of Economics; Leonid Rybakovskiy, director of the Institute for Demographics; Inna Bulgakova, an employee in the Federation of Independent Trade Unions of Russia; and others participated in the discussion. Lyubov Khrapylina, deputy chairman of the council and a doctor of economic sciences, conducted the meeting.

How Can One Choose the Lesser of Two Evils

[Khrapylina] ...Starting about 1985 one continuously heard that an enormous mass of unemployed was about to appear in the country and that a collapse would literally occur under their pressure. However, several years have already passed and the situation remains in bearable limits. Why is this occurring and what is unemployment for Russia—a myth or an objective reality through which all countries pass?

[Trubin] Unemployment is not a myth but a real phenomenon. One can argue about its scales and the methods for estimating it. However, it is a reality with which one cannot argue. What was its cause? One can single out three blocks of reasons.

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The first and, perhaps, most important is that the state has practically declined all legislative responsibility for insuring a person's right to work. Article 37 of the old constitution guaranteed him this. In place of this, there has been a substitution of the concept itself. It was written in the old constitution that "every person has the right to work...." In the new wording, it looks like that well-known phrase: "To punish, it is impossible to pardon," that is, the right of each individual to work has not been secured constitutionally for us. Incidentally, it has been established in the Universal Declaration of Human Rights.

The second is that the state's financial and economic policy is being conducted in isolation from employment problems. The entire responsibility has been placed on the State Employment Fund. However, its assets are completely insufficient to solve this very enormous and complicated problem.

The third concerns the organization of employment. The employment problem is a national one and it is impossible to solve it using the forces of one employment service. The coordinated actions of all economic departments, branch ministries, and all territorial management agencies are required. This does not exist. As a result, we have what we have: Unemployment is expanding by itself, already embracing 13.5 percent of the economically active population in the country. This is the result of the state's employment policy—more accurately, of its absence.

[Kotlyar] Our research practically does not consider that this phenomenon in the Western world and here, for all the external similarities, is based on a fundamentally different social and economic foundation. In the West, the high saturation of the commodity and service markets is accompanied by a high wage level which is determined by the cost of manpower. If one attempts to expand employment, that is, to involve additional manpower in production, this will lead—with the commodity and service markets' oversaturation—only to one thing—overproduction. This automatically reduces efficiency. This plays the role of an automatic brake on further expanding employment.

Nothing like this exists under our circumstances. The level of production is very low. Goods lie on the shelves in stores only because of excessive and disproportionate prices, which are based on the absence of competition and the high degree of monopoly.

If one were to establish the appropriate environment, beginning with effective protection against the rackets and ending with effective antimonopoly measures that would permit competition to be implemented, this would lead to the commodity market's normalization.

However, it is not that simple to expand employment. One must create new jobs. In order to do this, a revolution must take place in investment policy. One must eliminate the present high inflation, which does not stimulate capital investments anywhere except trade, to encourage investments. This means that supporting unprofitable employment is a very important inflationary factor.

The existing hidden unemployment is transforming the national economy into an alms house. That is why labor productivity is falling catastrophically—40 percent during the period from 1991 to 1994.

If one considers that we substantially lagged behind the Western world in this indicator even during preperestroyka times, the picture of a catastrophe is self-evident.

Returning to the employment problem—what should be done? There are two changes in policy—either move to squeezing out hidden unemployment from production, converting it to overt unemployment, or continue to support high employment artificially. We tried this out with a catastrophic drop in production—in all, the drop was more than 4 percent during the last four years, but the reduction in the number of those employed was only 4.5 percent.

As long as we support unprofitable production and maintain wasteful hidden unemployment, we will not create a situation that would permit us to achieve a breakthrough in investment policy and increase jobs.

However, no one will help us except ourselves.

The top-priority task is to clench our teeth and move to controlled unemployment—controlled.

Specialists are coming to the opinion that 5-7 percent unemployment is completely controlled and safe. At the same time, it can permit us to make an historical breakthrough in the production area....

... According to State Committee for Statistics data, 50 percent of the Russian Federation's population are fit for work; the other half is not fit for work and the former must in fact support it. However, if 20 percent are actually unemployed, there only remains 30 percent from the first 50 percent. A question: How can a third of the population support two-thirds and, while doing this, ensure the functioning of such a multidimensional state as Russia?

Moving to deliberate unemployment is making a choice between a great evil and a slightly lesser one. However, the main thing is to bring the country out of its tailspin. In general, we will not achieve a change in the situation in the country without a change in the area of employment.

The State Has Washed Its Hands

[Rakitskiy] I completely agree with Aleksandr Emilyevich that the country has been brought today to a situation that differs qualitatively from that which existed yesterday and from that which exists in the West. The situation is a new one. In it, however, we are

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constantly and stubbornly using those methods, approaches, ways, and categories that took shape here in the past or about which we learned from Western books or heard from our Western colleagues. You see, however, it is evident that neither one nor the other fits us.

A new type of relationship is taking shape today in the social and labor area. After three years of reforms we can clearly establish that the economically active population is seemingly divided into three large, although unequal, categories.

The first one contains people who gained from the reforms and understand this. The second category contains those who lost and who also are aware that they lost and that will lose more while the reforms continue and the policy is not changed. These people are the majority—essentially, one can include here all the population that reached the age of reason and worked before the beginning of the reforms. It is very clear what was lost—one-fourth of the people today live below the subsistence minimum, and this minimum is only 30 percent of the pre-reform one. The average wage was R33,500 in December 1994—this is approximately 67 pre-reform rubles. I remember that the per capita subsistence minimum was R100 at the time. Many criticized this figure; they said that it was heavily understated. Every seventh person today is completely or partially unemployed and the other six or, at least, five are afraid that this threatens them also.

Finally, the third category consists of those who have objectively lost from the reforms but are not aware of this and, possibly, will never realize it. This is the youth. They started life during the reforms and have seen nothing else. They are convinced that the world is structured this way, the stories of their elders do not move them—these are perceived as history which does not have any relationship to them. This situation is fraught with antagonisms or possible large-scale manipulation.

The social and work atmosphere and the new social and work relationships, which are being formed, are characterized by several alarming qualities in connection with the fact that pressure is coming from unemployment and need. What are these qualities?

First, there is the absence of a situation in production, which the individual deserves. What is this? It is a situation protected by law. If work rights, freedoms, and duties are not protected by it, it is impossible to think the situation is a worthy one.

Second, the individual does not have a fitting salary, that is, one that would ensure a fitting standard of living customary for the overwhelming majority of the population from generation to generation. This level of security, which is customary for our population, has been reduced threefold during the reform years. Although they tell us that it grew by 14 percent last year, this is doubtful. Nevertheless, even if it were so, it makes no difference—it changes nothing because it is not fitting and is close to the zero level. The degradation level grew by 14 percent. This is the second characteristic of the new social and labor situation.

The third characteristic is a very alarming one—unfair competition. It is written in the constitution that unfair competition is inadmissible. Nevertheless, it is flourishing in the labor area since the laws are not being carried out. As a result, the shadow labor market is becoming a massive one.

Lastly, a degradation of labor's potential, reduced qualifications, and a drop in work ethics are occurring. A connection between wages and the quality of manpower is absent, that is, destructive processes are taking place. This, of course, is very dangerous and very alarming.

The state has withdrawn from the process of protecting the labor area. We will not talk about regulation but the protection of legal parameters. It has stopped doing this. On a number of positions it has also shifted to attacking the workers' elementary rights. There is a Draconian measure—the freezing of wages. My friends, freezing—this is paradise. An evaporation of wages is taking place under the shock reforms. One need only dream—who froze them even at the present level? Yuriy Fedorovich Yarov recently said right out that the slogan the government put forward for 1994 "Not a step back in stabilizing the situation," has unfortunately not been carried out. The government honestly says that it cannot do anything—even freeze wages....

Can one save oneself from this and change the situation? It is possible; however, not when the state is only on one side—the side of accumulating capital. Today, you see, the main employer is not the state but efficiency in managing production. It is time for the state to demand that employers create jobs and investments. You see, they have appropriated a large portion of the national wealth into their hands; the nonstate sector almost predominates. Expand it, if you please, as a condition for preserving the results of privatization, which is profitable for us.

...In the final analysis, how should one act? In my view, it is necessary to proceed from the main thing—what should come out as a result? As a result of all the reforms? It is necessary to imagine a model of the future somehow—and, proceeding from it, to look at what has been done and what corresponds to this future.

[Shavishvili] Evidently it is necessary to return to a social charter, a social code, and to designate what an individual should have.

[Khrapylina] I would like to hear the official opinion of the Ministry of Economics representative. What are its forecasts for the near future with regard to unemployment?

Who Spreads Toughly...

[Ananyev] Yes, unemployment is a new phenomenon for us, and the discussions which are taking place in the

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scientific world show that a more or less developed single point of view does not exist regarding the role of unemployment in our society and its economic, social, and other aspects. Our economy was formed under the conditions of very high employment among the population and a relatively low wage. Acceptable living standards in a family were assured if two people worked at a minimum. At the time, people were able to eat, rest, and acquire some things comparatively normally. However, they were able to allow themselves practically nothing above that which was required. That is why, when we entered unemployment and an existing relatively low standard of living, contradictions immediately arose between economic and social interests. We recently met with Englishmen and discussed the problem of the labor market and unemployment. They said: Of course, our situation is quite different when compared to yours. In our case, an individual can be unemployed for half a year; however, he has an account in a bank and it does not worry him whether he will receive assistance or not. To have work—this is prestigious. Of course, he is on the books but he is protected materially—protected by previous generations, savings, etc. Unemployment is a monstrous shock to our individuals.

Against this background, the presentations of two colleagues occupying opposing positions—Aleksandr Emilyevich Kotlyar, a supporter of the state's purely economic interests—raising production efficiency, eliminating hidden unemployment, etc.—and Boris Vasilyevich Rakitskiy, who stands for social positions and has put a concern for the individual in first place—are especially impressive.

I want to emphasize that unemployment benefits presently represent supplementary inflation and, at the same time, are a factor in reducing demand for finished products. The population's effective demand falls with the growth in unemployment and the demand for the products of enterprises falls with it. They lose markets and come to a stop. The number of unemployed grows and the circle is closed. In this situation, of course, the role of state regulation should, in our view, be increased to a significant degree because the drift will only give birth to the destructive effect about which our colleague Rakitskiy spoke.

Concerning the social aspect, employers have sharply reduced their attention to work safety with the growing unemployment. Our material shows that disabilities, injuries, and deaths in enterprises are growing at rapid rates.

What is the Ministry of Economics forecast for employment questions? We base them on the following figures. According to official data, unemployment on 1 January of this year consisted of 1.6 million people. There is hidden unemployment—people who are themselves looking for work without turning to the employment service (statistics show that only one-quarter of men turn to this service). The State Committee for Statistics accounts for them through spot checks; there are now approximately 5 million of these individuals—add to this the more than 7 million who are not working full-time and who are on forced leave of absence, that is, this is a significant amount in total.

In our calculations, however, we only use the registered unemployment figures because this is linked with the forming of the employment fund, which is made up from deductions from the wage fund of enterprises. Here, we proceed from the fact that under our conditions there is an unemployment limit, which does not exceed 5-7 percent of the number of economically active people; otherwise there is no budget and the employment fund will not stand up to the strain.

During 1995 the amount of unemployment in the average annual calculations is put at 2.9 million in the budget, that is, we could move to the 4.2 million level of registered unemployed by the end of the year. Nevertheless, one must regard the forecast philosophically to a degree. The Ministry of Economics developed the forecast for 1995 based on the assumption that the inflation level should be reduced to 2 percent a month by the end of the year. However, the government made concessions and raised the expected inflation figure to 3 percent after aggressive criticism by the State Duma. January, however, shows that inflation had already reached 16 percent during the first month. Accordingly, the forecast will also be made more accurate.

In our view, the existing correlation between registered and hidden unemployment last year will evidently be maintained during the current year also. Registered unemployment is growing 2- to 2.5-fold. The number of people who are looking for work on their own and hidden unemployment in enterprises will grow at approximately the same rates. Registered unemployment is one-fifth of all those unemployed in our country. There are no preconditions for the situation to somehow change.

Actually existing investments permit little to be done. Thus, with the forecasted 4 million reduction in employment in the state sector, approximately 2 million new jobs will be created, in the best of cases, within the private sector during 1995 according to estimates.

On the whole, employment policy during 1995 will be greatly determined by the federal financial and credit policy and the policy in the area of bankruptcies—the state will either intensify this process or delay it. Generally speaking, there are few who are interested in bankruptcies.

That is why the recently established federal administration for matters concerning the insolvency (bankruptcy) of enterprises and organizations is displaying a certain cautiousness here. During 1994 only approximately 800 enterprises were minutely examined here in connection with their insolvency. However, concrete help was provided to only 10 percent—80 enterprises. According to

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unofficial data, 2,000 insolvent federal enterprises will be registered in the administration during 1995.

In order for bankruptcies to really increase efficiency in the economy, the existence of several dynamically developing production sectors, where capital and labor resources would flow, is required. These sectors are still clearly insufficient. Four avenues, which could ensure for us a relatively active structural maneuvering, have been designated for 1995. The fuel and industry complex, which is expanding through currency payments for exported products. Next, the aerospace complex, which also has currency receipts from the export of its products. Communications, radio, and telecommunications. And lastly, housing construction, which in coordination with the construction industry branches will provide new jobs and to some degree contribute to intensifying investment activity.

The main thing is the opportunity to find a compromise between economic and social enterprises. The Englishmen I mentioned said that the most advisable unemployment minimum for them is 5 percent. If this figure is reduced, incentives for highly efficient labor are lost, productivity falls, etc.

In principal, however, if one talks about a state strategy for the near future, it is evident that it will consist of strengthening state regulation of employment and establishing a mechanism to coordinate both federal and regional executive agencies effectively.

The employment problem is a state problem and there should be a governmental agency that would defend these matters when drafting the budget, forecasts.... Yes, Yuriy Fedorovich Yarov's government commission for regulating critical situations in regional labor markets exists. It would be interesting to analyze what impact it has had on the formation of the 1995 budget.

[Shavishvili] The time has come to think about ways to increase the effectiveness of employment. Let us try to answer the question: Is it possible within the framework of existing economic policy, which is based on monetarism, to raise the efficiency of employment? In general, where are employment and social problems within liberal theory? They do not exist. Ask Gaydar, Chubays, and Urinson what, from their point of view, are the social problems and they will probably reply that they do not exist for them. That is why our council must analyze and evaluate the economic concept that has now been adopted. What the International Monetary Fund suggested to us has been adopted—a policy of liberalism—although it would be much more logical under our conditions to implement an economic reform based on the principles of Keynesianism where the main priorities are effective demand and employment. During the last five years the IMF has implemented 20 programs to improve the economy in various countries. In 16 countries they "successfully" overloaded these programs. Regarding Chile, it is necessary to examine it in a special manner. I think that the fate of one of these 16 awaits us. It has been correctly said that no one will be able to help us except ourselves....

If we want to develop a really effective approach to employment, it is necessary to think seriously about the economic policy that is now being conducted.

According to our forecasts, with the existing economic policy and the proportions put in the budget, it will be necessary to eliminate approximately 7 million jobs in order to raise real wages 1.6-fold for those working in 1995. A total of 7 million people will drop out of public production. This is the real picture and will not do at all.

What will happen to these people? It has already been said that our people do not have any accumulated wealth—there is nothing. Having left public production, they will receive pitiful crumbs—11 percent of the average wage in the form of unemployment benefit. Think about what this sum represents. Our council is constantly fighting over this problem—why do the federal authorities consistently put only 20 percent of the expenditures for the social area into the budget? Why are taxes drawn upward from below in the maximum but expenditures thrown down to the local areas? Our government is responsible for employment only within Moscow's limits. One need only go to a neighboring oblast to see that federal authority is not being propagated there....

Last year, assets for social needs were designated in the budget message both from the federal budget and also from nonbudget sources (Pension Fund, Social Insurance Fund, State Employment Fund, etc.). The picture for the social area budget was extremely clear. This year such data are absent; you will not find a single figure anywhere. However, this represents 80 percent of the combined expenditures for the social area. The state has cast off from itself without a trace all concerns and expenditures in the area of its financing. The process is taking place spontaneously.

There Are Many Currents, But Not One Will Bring Good to Russia

[Rybakovskiy] ...Several migratory currents exist. The first one is the traditional intra-Russian one that has existed since olden times. The difference between the present one and yesterday's consists only of the fact that today all kinds of compulsory factors like organized levies, shock Komsomol construction projects, etc., are absent. Benefits of every kind—one of the realities of yesterday and an essential factor in migration—are also absent.

The second current consists of representatives from the former Union republics who live in the Russian Federation but who are returning to their homes in the near abroad, that is, Azerbaijanis from the Siberian oil-worker settlements are going to Baku; Ukrainians from the "north"—to their own krays; etc.

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The third current is also an intra-Russian one; however, it is based on the ethnic factor. These are Russians who are leaving the national republics in Russia. In principal, this is more accurately called "ousting." Those, who at one time went to "develop the virgin lands", to Kazakhstan, Turkmenistan, Uzbekistan, the Baltic, etc., are running "home." This is reverse migration. The tragedy is that Russia is not waiting for, does not want, and cannot accept them. It does not realize how incorrect it is and how shortsighted it is being with this "I cannot," "I do not want"... You see, not unskilled workers but specialists, intelligent people, and skilled hands are returning. Instead of "drawing off" these people, as is said, without defending the cost, lugging them home with all their household goods, settling them in cities in central Russia, helping them at first, appropriately expecting that it is they, like no one else, who are interested in the very rapid prospering of their own country and motherland, we are closing the doors before them or sending electronic specialists, doctors, and programmers away to collapsing kolkhozes. During the last three years, on the order of 1.5 million have arrived in Russia this way.

The "brain drain" abroad forms a special current. Its special feature is that it is ethnically differentiated. Basically, Russian Germans, Jews, and a small group of Russians, whose specialty and high level of training interests some Western firms, form it. What is unpleasant here? When we are talking about emigration, the number is not alarming—what is 150,000-170,000 who have left for the far abroad? It is the qualitative aspect that is alarming. The best are leaving. The employment problem is not made easier with their departure and our intellectual potential only loses. In return, the main "consumers"—the United States, Israel, and Germany—win beyond all measure.

The immigration flow completes the list. It is composed of representatives of the indigenous nationalities in the former USSR republics, who legally and illegally settle down to live in Russia, and also the citizens of poorly developed and (or) heavily populated states contiguous to the former USSR.

This stream, generally speaking, deserves special attention. Many talk about it but they discuss it without knowing either the figures or the names. The fact is that the State Committee for Statistics does not consider illegal immigration. The numbers are large. I think that somewhere between 500,000 to 1 million illegal immigrants are in Russia today.

They basically cross over in the border regions. The territory of the Far East is very revealing. Here there is no problem with the correlation between employment and migration; however, the state problem of settling our age-old Russian Far East outlying districts with people from neighboring Korea and China is being raised to its fullest. There is someone to resettle. The total number of the population in northeastern China alone is several tens of millions of people and exceeds the entire population of the Russian Federation.

The problem is that our people are leaving and forsaking these places. In the last four-five years we have already had, as specialists say, a negative population balance. In return, the settling of Koreans and, especially, Chinese is taking place. Today there are approximately 250,000-300,000 of them. They are crossing in massive streams, assuming Russian names, and actively acquiring real estate. Another distinctive feature is that the absolute majority of them are people with low skills or who do not have a trade. They are "shuttlers," fishermen and people who engage in agriculture or earn their living in the taiga. The percentage of criminal elements is extremely high among them.

In addition to this, an illegal transfer of, for example, citizens of that same China is taking place—through families and clans based in Kazakhstan and Uzbekistan—further into Russia, making use of its porous borders.

The massive entry into Russia of these representatives of the Asiatic region already represents a very serious problem for the future; today it is a large threat to the employment of our population.

The problem of reforming the army is closely connected with the employment problem. The further it progresses, the more acute it will be. Today, events in Chechnya have graphically demonstrated that we need a smaller army but one more skilled. Immediately after the year 2000 when the large generation of those born in the mid-eighties becomes of age, reforms in the army will be simply required. Service in it on a contract basis will be able to draw off part of the young people from the overloaded manpower market, and thereby it will be possible to lessen the strain somewhat—but we will still not be out of the crisis and we will not have finished with unemployment by that time.

[Bulgakova] ...Today no one concerns himself with private enterprises which are sometimes outside the law. People working there, as a rule, are completely without rights. They do not have work booklets, they work without deductions for a pension fund and without the granting of medical certificates. There, they merely pay wages according to a list and five- to sixfold more goes directly into the pocket. You see, usually the best specialists work in them...

Furthermore, it is known that the Americans at one time saw quite a bit that was positive in our planned economy and we have moved completely away from this. We now have a mixed economy—has it become better? There are quite a few examples of the lack of controls. Here is the situation with respect to vegetable oil. We forward seeds to the Baltic; there, they press the oil out and send it to Holland to give it an aroma, but from Holland it comes to us for good money. Can we not do all this ourselves? How many jobs would we add by doing this?

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...There is a government decree that each program (and reforms cannot manage without programs) should undergo an examination on the subject of employment. However, not one of the existing programs, in particular, privatization, conversion and, yes, all the rest—not a single one has been evaluated and contains sources of assets to solve the employment problem. It was necessary to begin from this.

[Khrapylina] ...From our discussion it is quite evident how multifaceted is the problem of employment and unemployment and to what degree the approaches, views, and concepts, which would designate forward movement, are still not clear.... However, there is seemingly work already done that would permit us to move forward not in chaotic steps but in a more planned manner.... We have analyzed computer programs beginning with 1985, in which the unemployment and employment forecasts of all the country's leading specialists are mentioned. Not one forecast by any specialist came true.... For example, even at the very beginning of the reforms they maintained that if the slump in production was 20 percent, unemployment would increase by 12 percent. This did not occur. And so it was with all the other forecasts....

It is a pity that we have not had time to discuss the very critical problem of employment of the disabled. It is really a scandalous one. Whereas we previously had 300,000-400,000 disabled a year, this number has grown to 1.5-2 million a year during recent years. People have lost their health and become crippled because the protection of labor has been reduced to nothing. The state all- Union standards of the 1965-70's period are in effect today, although production has been sharply modernized. All the scientific collectives, who were concerned with these problems, have practically disappeared. There are other problems, which unfortunately are too numerous to discuss during one meeting. However, it is necessary to solve them, just as it is necessary to direct the attention of society toward them.

Employment and Unemployment in Figures

The size of the economically active population at the end of 1994 was 74.9 million people, or 50 percent of the country's total population. Among them were 69.6 million people (92.9 percent) working in the economy and 5.3 million people (7.1 percent) unemployed. A total of 1.6 million people, or 2.1 percent of the economically active population, were registered officially in agencies of the employment service as unemployed.

The number of those working part-time at the end of 1994 was estimated at 4.8 million people (6.4 percent of the economically active population). Considering people who were not fully employed in production for objective reasons, the total potential for unemployment in the country is 10.1 million people, or 13.5 percent of the economically active population.

The Council for Social Policy under the president of the Russian Federation has with the help of specialists worked out avenues for supporting the population's employment, including the organizational, financial, economic, legal, information, and personnel aspects in regulating employment.

This document pointed out, in particular, that consideration of the employment problem should be built on monitoring the labor market as the basis for forecasting and evaluating the situation in the employment area. The territories and branches of activity with the most serious situation and the areas where it is necessary to send specific help should be determined in accordance with these results.

It also points out that the solution of the employment problem is inseparably linked with the need to radically change the position allotted to it in the priority system of the State Social and Economic Policy and also with the need to reconstruct the existing structure for managing this area. The key economic departments—Russia's Ministry of Economics, Russia's Ministry of Finance, and Russia's State Committee on the Administration of State Property—should come forward in coordination with the branch ministries as the subjects of the anticrisis regulation of employment. This should be strengthened by the appropriate norm and legal documents.

Suggestions for legislative and normative support of the employment policy are being developed. Restoring in the Russian Federation Constitution the provision on the right to work as one of the basic human rights is the main one among them.

Among the urgent measures being proposed, it is necessary to single out:

the need to increase the percentage of the Federal Employment Fund's assets which are operationally redistributed over the country's territory from 20 percent (according to the existing legislation) to 30 percent, in order to provide greater assistance to regions having a critical situation in the labor market;

the advisability of a competitive distribution of assets which have been mobilized in the central funds, for the creation of new jobs in the country's regions, while the priority should be allocated to territories where the highest level of "labor" strain is taking shape (including places where the "old" branches are traditionally concentrated, one-plant cities and settlements, and also places where a structural surplus of manpower is being formed); the regulation of the migratory processes in Russia and the overcoming of their impact on the situation in the employment area by suppressing the illegal penetration of citizens of the CIS and other states into Russia; the conferring of special status with respect to employment problems on the border regions, including the Far East;

the regulating of the employment of special population groups (women, disabled, youth).

Russia possesses colossal natural, territorial, and human resources as well as a material technical base and a still undeveloped market for consumer goods and services. This causes the absence of objective preconditions for a landslide increase in unemployment and the social catastrophes connected with it.

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International Affairs

Udovenko Signs Accords With Moldovan Counterpart

AU0103165295 Kiev HOLOS UKRAYINY in Ukrainian 28 Feb 95 p 1

[Unattributed report: "Completion of Talks"]

[FBIS Translated Text] In the course of negotiations, the Ukrainian and Moldovan delegations exchanged opinions on a broad range of issues of bilateral cooperation that present mutual interest. Ukraine's minister of foreign affairs was received by Moldovan President Mircea Snegur, Chairman of the Parliament Petru Luchinschi, and Prime Minister Andrei Sangheli.

The sides briefed each other on the political and socioeconomic situation in their countries and on the course of economic reforms. Proceeding from the results of the negotiations, foreign ministers of the two countries Hennadiy Udovenko and Mihai Popov signed a series of documents, including an accord between the governments on mutual settlement of questions, associated with the activity of diplomatic missions. The Ukrainian and Moldovan ministers of foreign affairs also signed two protocols on cooperation in the sphere of information and on consultations. Besides, the sides exchanged instruments of ratification for the Agreement on Legal Mutual Assistance and Legal Relations in Civilian and Criminal Cases and signed a relevant protocol.

In addition to that, they initialed an agreement on promotion and mutually protection of investments and discussed problems associated with withdrawal from Moldova through the territory of Ukraine of the 14th [Russian] Army.

Poland's Security Chief Discusses Cooperation

WS0203114595 Kiev URYADOVYY KURYER in Ukrainian 23 Feb 95 p 7

[Interview with General Gromoslaw Czempinski, chief of Poland's Office of State Protection, by unidentified correspondent; place and date not given: "Contacts Must Be Expanded, but Problems Should Not Be Overdramatized"]

[FBIS Translated Text] [Correspondent] **In March 1993, the Polish Office of State Protection and the Ukrainian Security Service [SBU] signed a cooperation agreement in Kiev. How is this agreement being implemented in practice?**

[Czempinski] The cooperation between the free Poland and free Ukraine is natural and obvious. It became possible thanks to the fact that our peoples regained the right to independently decide about their fate. We are presented with a unique opportunity to develop our contacts in conditions of peace, freedom, and democracy. Although they have existed for several years only, those contacts have their own traditions. They are quite fruitful at the highest state level, but we understand that we will have yet to do much work in connection with the integration processes in Europe.

For the first time in decades, our peoples have an opportunity to get to know each other directly. Millions of people feel that we, the Slavs, so close in many things, "so nicely differ from each other," as [famous Polish poet] Norwid wrote. The border between our states is open.

We have a great political desire to see the bilateral relations between our states becoming more constructive and acquiring more facets. The intention and favorable climate to initiate mutual relations between our states are both in place. Close mutual relations will help to avoid misunderstandings, remove fear, and create a friendly atmosphere.

The mutual openness of our societies should be protected from both sides by relevant institutions, such as the police, the border service, the Prosecutor's Office, and security services. The legal side of relations between our services is regulated by the cooperation agreement signed in March 1993. I believe that our contacts could be expanded even further, and the blueprint for cooperation in the near future can already be drafted.

We are ready for various directions in our interaction. I believe that this suits our mutually advantageous interests. Even though our people are divided by the state border, the many centuries of being neighbors made us close to one another. Friends should be looked for in the closest vicinity, while we are the closest neighbors and, in addition, have common historical roots. In my opinion, together, we are able to do much and achieve much. We have acquired certain experience in installing a democratic order and market economy. Both for you and us, there is no turning back from this process. The idea of a safe and cooperating Europe is close to us, because this is the only way for all of us to feel safe.

Consolidation of good-neighborly relations between Poland and Ukraine is equally necessary for us and the whole of Europe.

I am sure that my meetings with General Malikov, chief of the Ukrainian Security Service, will contribute to the expansion of our contacts and the development of various forms of cooperation.

For now, I cannot yet share the results of those meetings with the readers of your newspaper—all the more so that some problems, for apparent reasons, lie with the competence of the services. However, I am deeply convinced that the directions of our cooperation will prove multifaceted and fruitful.

[Correspondent] **Special services of East European countries have recently come across something that can be called transnational (international) crime. Do representatives of the Polish and Ukrainian underworlds maintain**

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contacts with each other? If so, what measures are being undertaken to combat them?

[Czempinski] Regardless of the nature of our relations—the neighborly ones that have existed for centuries and, later on, the interstate relations—criminal underworlds are regulated by different rules. For this phenomenon and the people that are part of it, there are no borders or legal and ethic norms, and they are alien to normal human relations. The pursuit of easy money and the desire to quickly make a fortune by violating laws—these are international problems that will be present in our relations. The point is that we should not overdramatize these problems or let them give way to unfriendliness and disappointment, but instead actively and efficiently lay them bare and eliminate them.

We cannot allow criminals to establish contacts among themselves faster than the law-enforcement bodies. The cooperation launched recently between the Vinnytsya Oblast Court and the Poznan Voivodship Court provides grounds for hope. This is a good optimistic sign for the future.

[Correspondent] **Many of our citizens travel to Poland on business or private visits. Sad as it is, they commit various violations. What would be your advice for them to save face and, at the same time, avoid unpleasant situations?**

[Czempinski] We are pleased to see the increasing number of guests traveling to our country. In 1994, more than 200 million people visited Poland; of these, 3,154,797 were Ukrainian citizens, 2,151,944 Belarusian citizens, and 2,403,726 Russian citizens. Such visits provide more opportunities to get to know one another better and establish closer contacts, which was frequently proved over the past years.

Everyone has heard about the famous Polish hospitality. I believe that your citizens themselves could enjoy the hospitality of my fellow countrymen, their sympathy to you, and the readiness to help. After all, we are all Slavs and, hence, close to each other. As for our guests and the Poles traveling to Ukraine, everyone should strictly abide by the law, as is the case everywhere in the world. If a Pole, on a visit in Prague, is caught jaywalking, he will pay a fine for this, and that would be fair. Why not cross the street at the crosswalk with a green light? The same thing will happen in our country.

Let me add that we deal with a small number of foreign citizens who commit crimes in Poland.

Out of a total of 3,983,000 crimes committed in 1994, 1,069 were committed by Ukrainian citizens (530 by Russians and 481 by Germans). I think that when we know each other better, we will be able to avoid many difficulties and misunderstandings.

[Correspondent] **As is known, the Polish Supreme Court canceled a ruling by the Warsaw Military District Court charging SBU Major Anatoliy Lysenko with espionage. However, the Prosecutor's Office of the Warsaw Military District has recently reopened the Lysenko case and sent a letter to the Ukrainian Embassy in Warsaw demanding his extradition to Poland for interrogation. How should such miscoordination in actions be viewed? Will this not undermine mutual understanding between the special services of our states?**

[Czempinski] The involvement of the Polish Office of State Protection in the case against SBU Major Anatoliy Lysenko ended right when the investigation was completed and the case was handed over to the Military Prosecutor's Office, which oversaw the preparation of legal procedures all along.

At present, the Polish Office of State Protection is no longer engaged in any legal actions.

Whatever the case, I trust that this case will not reflect on our relations. One should look ahead and promote the establishment of as close contacts as possible. This is in the interests of our two states and our children's children.

Thinking about this matter, I conclude that many problems could have been avoided if we had managed to find a road to cooperation in spite of mutual grudges and anger.

[Correspondent] **Do you plan to visit Kiev soon? If so, what problems are you going to discuss or resolve with your colleagues there in the first place?**

[Czempinski] Of course, I would be glad if I could go to Kiev. My predecessor, Jerzy Konieczny, was luckier—he saw that wonderful city and its historical monuments and relics. I hope that I, too, could see the capital of your country. So far, I have invited the SBU chief to visit Warsaw. As the invitation was accepted, I am looking forward to a visit by the SBU to Poland. I am deeply convinced that this visit will promote the development of our relations and, without a doubt, serve to strengthen good-neighborly relations between Poland and Ukraine.

Kuchma Greets Uruguayan President on Inauguration

LD0203190195 Kiev Radio Ukraine World Service in Ukrainian 1700 GMT 2 Mar 95

[FBIS Translated Text] Although Ukrainian-Uruguayan relations are still at the initial stage of their establishment and despite the great distance that lies between our countries, we shall be able to achieve fruitful cooperation in the interests of our two people. This was a statement made in Ukrainian President Leonid Kuchma's message to the newly elected Uruguayan president, Julio Sanguinetti, handed to the president of that South American state by Viktor Pashchuk, the Ukrainian ambassador to the Republic of Argentina, who in his capacity of the Ukrainian president's personal representative took part in the ceremony on the occasion of Julio Sanguinetti's inauguration.

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There took place a brief conversation between the president of Uruguay and the Ukrainian diplomat, in the course of which Julio Sanguinetti expressed his gratitude to the president of Ukraine for warm greetings and said that he shared Leonid Kuchma's view on the need to extend bilateral relations.

Plans To Amalgamate Power Grid With Russia

MM0203134095 Moscow RABOCHAYA TRIBUNA in Russian 1 Mar 95 p 2

[Report by Georgiy Dolzhenko: "Slav Power Workers, Unite!"]

[FBIS Translated Text] There are plans to amalgamate the Russian and Ukrainian electricity grids in April. This was announced by the Ukrainian national electricity control center. The reason being political considerations. This has put Ukraine in a difficult position. Nuclear power stations, which require a steady workload and are adversely affected by flexible work procedures, produce the bulk of the republic's electricity. In order to save on coal at thermal power stations these procedures are having to be used quite often in order to maintain the prescribed frequency in the supply lines. Unifying the power grids will eliminate this situation and will also resolve the problems involved in servicing electricity cables since the borders of the electricity grid do not coincide with the two republics' state borders.

Black Sea Shipyards Appeal to Russian State Duma

LD0203204495 Kiev UNIAN in Ukrainian 1830 GMT 2 Mar 95

[FBIS Translated Text] Sevastopol—The workforce of Black Sea Fleet shipyards on 2 March made an appeal to the Russian Federation State Duma in connection with the critical state of these enterprises.

The appeal reads: "These enterprises have not been given any funds since August of 1993. The fleet owes over 110 billion karbovantsi, which, in its turn, prevents the enterprises from the payment of wages or accounts outstanding for the supply of materials. Similar enterprises in Russia have no such problems. The impression is that all this is being done to ruin on the fleet's most important structures, i.e its shipyards, and, therefore, the Black Sea Fleet itself."

Over 3,000 staff from four enterprises, who signed the appeal, call for funding the Black Sea Fleet shipyards through Ministry of Defense of Russia central financial structures, the repayment of the debt as soon as possible, and a decision at government level to supply the shipyards across the Russian-Ukrainian border with the equipment and materials necessary for repairs to combat ships.

National Affairs

Prime Minister's Reasons for Resigning

LD0203141895 Kiev UNIAN in Ukrainian 1310 GMT 2 Mar 95

[FBIS Translated Text] Kiev [No date as received]—When he leaves office, Ukraine's Prime Minister Vitaliy Masol will continue working as a people's deputy and a consultant, the resigning prime minister said today in an interview for UNIAN and the "Paragraph" television program.

Masol is planning to go on leave 6 March, after which he will check into the hospital for surgery and wait for his resignation to be accepted by the Ukrainian Supreme Council.

The prime minister said his decision to leave was caused by the absence of a strong executive power structure in the country and the existence of "several government bodies which have placed themselves above the Cabinet of Ministers." He complained of constant interference by Supreme Council commissions and by the presidential administration, adding that Ukraine's National Bank placed itself "above all power structures: the parliament, the president, and the government."

He said he had a long talk with parliament's chairman, Oleksandr Moroz, before the announcement, during which Moroz tried to persuade him to stay.

According to Masol, the law on power as an interim piece of legislation will not solve the power problem in the state. He believes that a new constitution should be adopted as soon as possible—within six months or a year. The prime minister said he favors the parliamentary-presidential model for Ukraine's development.

He warned against frequent government reshuffles and said that the functional distribution of duties among deputy prime ministers is justified. He stressed that under the August decree, the president of Ukraine has full responsibility for the government's actions.

Masol praised the new acting prime minister, Yevhen Marchuk, recalling that he recommended Marchuk for the post of first deputy prime minister.

He said there was an urgent need for normal economic relations with Russia. But he is convinced there is "no need, either political or economic" to raise signatures for the restoration of the USSR.

Kuchma Accepts Prime Minister's Resignation

LD0203193295 Moscow INTERFAX in English 1818 GMT 2 Mar 95

[FBIS Transcribed Text] KIEV, March 2 (Interfax-Ukraine)—President Leonid Kuchma who accepted Prime Minister Vitaliy Masol's resignation told Interfax he would issue a decree on Thursday to appoint Yevgeniy Marchuk as Acting Premier.

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He denied that the latest government change amounted to a policy change. "The strategic course will remain unchanged but police corrections will be made" in the light of internal and external conditions, Kuchma said.

"Our prime concern is the people so that government policies do not lead unpredictable consequences", he said.

On Wednesday, the president held a routine meeting to prepare his annual report to parliament.

Bank Chief Welcomes Marchuk's Appointment

LD0203180495 Moscow INTERFAX in English 1437 GMT 2 Mar 95

[FBIS Transcribed Text] KIEV, Mar 2 (Interfax-Ukraine)—Head of the National Bank of Ukraine Viktor Yushenko has described newly-appointed acting Prime Minister Yevgeniy Marchuk as "the man capable of roping in professionals."

At a news conference in Kiev on Wednesday [1 March], Yushenko expressed hope for compromise with the government.

He described Marchuk's appointment as positive.

President Leonid Kuchma on Wednesday announced that Prime Minister Vitaliy Masol had offered to resign on age reasons.

Kuchma on Upcoming Address, Policy Moves

WS0303093095 Kiev KIYEVSKIYE VEDOMOSTI in Russian 25 Feb 95 p 4

["Exclusive" interview with President Leonid Kuchma by Larysa Zhalovaha in Truskavets; date not given: "Ukrainian President: 'There Occur Situations When I Simply Cannot React As Kuchma'"]

[FBIS Translated Text] Leonid Kuchma took a short time-out and isolated himself in the "Crystal Palace" [Truskavets spa in Lvov Oblast], not only to rest in the circle of his family (his wife Lyudmyla Mykolayivna, daughter Olena, and grandson Roman are with him) and drink the famous "Naftusya" [Truskavets mineral water prescribed for kidney problems], but also to draft the presidential Supreme Council address. That is why I started my exclusive interview with the president during his last days at Truskavets spa with a question concerning that address.

[Zhalovaha] What issues would you like to emphasize before the people's deputies?

[Kuchma] Without revealing prematurely the tenets of the Supreme Council address, I would like to underline two things. I am going to provide a detailed analysis of the economic situation in the state: What has and what has not been done, and why that is. I would also like to suggest options for our future actions. The other thing is political reform.

[Zhalovaha] As we know, the Conciliatory Commission has completed its drafting of the bill on authority which, in fact, envisions the creation of a presidential republic. What is your opinion on this version?

[Kuchma] I was pleasantly surprised to see the Conciliatory Commission's unanimity in arriving at the final document.

Naturally, I support the presidential form of rule. In general terms, I support the "draft model" of executive authority, which does not stipulate the post of prime minister, however does stipulate the post of vice president, as in the U.S. model. However, this will be in the future. We should take into account our peculiarities. Therefore, I believe that during our economy's current transitional stage, we should have both a government (being a presidential institution) and a prime minister. Their powers should, however, be somewhat different.

[Zhalovaha] Should the government have the right of legislative initiative in that case?

[Kuchma] This is not a crucial issue.

[Zhalovaha] What if divergencies crop up?

[Kuchma] A single executive vertical model, in which the prime minister is simply the president's deputy for government issues, cannot provide conflicting guidelines.

[Zhalovaha] As far as I know, there were discussions of a model in which the prime minister's post would be annulled and his powers would be divided among an expanded group of deputy prime ministers, actually a council of deputy prime ministers.

[Kuchma] I oppose sectorial management. The current Cabinet of Ministers is an example of how people try to pull the blanket to their side. However, there is little effect. It is clear that functional management would be an ideal solution. However, as the proverb has it: "A soul would like to go to paradise, but her sins won't let her." Again, in the current transitional period we cannot give up sectorial ministries and deputy prime ministers who supervise certain industries in the Cabinet of Ministers. Tomorrow, however, we will make a radical step in that direction.

[Zhalovaha] What timeframe do you imply when you speak about the transitional period?

[Kuchma] I mean a period of time before the adoption of a new constitution. And this, in my opinion, is going to be a lengthy process. We should work on a new constitution day and night, yet we cannot pass it at this point.

[Zhalovaha] Why?

[Kuchma] I would like to emphasize—particularly at this point—because our society is not structured. I am afraid that we will be able to pass a constitution suiting the current unsteady legislative majority. Undoubtedly, this

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will not add stability to our lives. A new legislature will come and pose new problems.... The procedure of passing the new constitution should also be considered, given that the constitution should serve us for centuries.

[Zhalovaha] Do you believe that the bill on authority can replace the basic law some time in the future?

[Kuchma] I would like to emphasize once again—the law on authority is the small constitution.

[Zhalovaha] When there were discussions about the fruitless attempts to reform the Cabinet of Ministers, there were claims to the effect that it was due to a lack of a proper candidate [for prime minister].

[Kuchma] That was one of the reasons. However, the primary reason is that there is no legislative groundwork. Very recently, the current Supreme Council appointed a prime minister, although the presidential elections were not yet over. I believe that the constitution should definitely stipulate that whenever a new president is elected the government shall resign. The new head of state should have free hands and not waste time on resolving personnel issues.

[Zhalovaha] The conflict between a group of deputies and the Presidential Administration. What is it: An attempt to divide powers or a reflection of objective reality? Your pause was sufficiently long. What will be the president's reaction? Will you defend your administration or will you try to stand above the fray?

[Kuchma] The groundwork of stability in our society is very fragile. At the beginning, I did not want to respond, for I did not want emotions to prevail over impartiality. If I were to be completely frank, I would say that we all have more important things to attend than bazaar-like rows. Very important events have taken place in our society. I have no desire to act as those who used scandal and sensation to forge their political careers. The president has more urgent things that keep him busy. However, let us analyze the underlying logic of the lawmakers' behavior in that situation. The esteemed people's deputies have learned too well the Marxist formula of the law being the "legalized will of the ruling class," represented by the deputies' corps in our situation. Laws should, however, reflect society's real potential and be based on available material resources, including the possibility of observing one's rights. Could you imagine, say, 100 people's deputies trying to attend a session of the National Security Council without prior notification? This would simply disrupt the session, given the impossibility to house all the people. I do not mention such cases, when it is objectively necessary to limit the number of participants for reasons of confidentiality. Therefore, the first thing that the deputies should have done was adapt the norms legalized by themselves and for themselves, to the objective reality.

I understand only too well what kind of political intrigue is currently being engineered by certain forces. Incidentally, they are doing it very unprofessionally. First, the Supreme Council must not investigate how officials violate laws. This is what the judicial authorities are for, and lawmakers should not duplicate those functions.

Second, I cannot accept the idea of the legislature resolving the issue of the presidential apparatus and its head. Incidentally, the current legislation does not envision this. I, for one, cannot imagine a situation in which the president would raise the issue of the Supreme Council secretariat or its leaders.

How much common sense does one need to permit live radio and television broadcasts of those discussions. Has Crimea seceded? Has Donbass gone on strike?

Evidently, someone strongly opposes the adoption of the law on authority currently being completed by the Conciliatory Commission. Someone gets infuriated by the idea of the president's constructive cooperation with the legislature. Please note the exemplary unity demonstrated by forces of both the extreme right and left, which is an alarming trend in itself.

The Supreme Council's reaction to the aforementioned conference [of the National Security Council] was surprising. For the first time ever we addressed the issue of a threat to Ukraine's national security on the part of the "fifth authority." We also drew up specific steps to beef up the fight against the criminalization of society. The Supreme Council did not, however, even mention this, yet the fact that a group of deputies was not permitted to attend the session was discussed as a separate issue on the agenda. Is this a statesmanlike approach? Here you can see how differently the deputies treat the infringement on the interests of society and on their own interests.

Of course, there is a temptation to get involved in that contest and use figures and facts to prove that expenditures on the maintenance of the Supreme Council administration greatly exceed those on the maintenance of the Presidential Administration. Other materials—equally disreputable for our lawmakers—could also be cited. However, what would be the consequences of that kind of cold war? We already experience numerous cases in which authorities—both central and local—discredit themselves. If we step up this process today, there is a risk of complete undermining of people's confidence in both the Supreme Council and the president. Then, it will no longer matter who started the dangerous game. Society will become unmanageable. Chaos and anarchy, combined with economic cataclysms, may yield very sad results. That is why I have no right to follow that path. If the deputies believe that those are priority problems, they can feel free to take care of them. Meanwhile, I feel ill-at-ease even discussing that situation with you.

Speaking about that, I cannot omit the fact that [former Supreme Council Chairman] Ivan Plyushch always opposed the discussion by the Supreme Council of political schemes aimed at sowing dissension between

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the legislative and the executive authorities. Such things never occurred at the Supreme Council.

I do realize that there are many things in the activities of the [Presidential] Administration and its leadership that deserve criticism. However, I am able to sort out those shortcomings and remove them without anybody's help.

[Zhalovaha] Do you believe that the current parliament can evolve? What will happen if they do not?

[Kuchma] I believe that the Supreme Council is undergoing an evolution. Just look: The leader of the Interregional Deputies' Group, which is commonly regarded as pro-presidential, takes the floor in the session hall to tell jokes about the president. Is this not "evolution?"

[Zhalovaha] Well, I believe some other word exists for that.

[Kuchma] Still, I cannot use that word. But seriously, at one point there was a ray of hope that the legislature would become structured, and a constructive centrist majority would become the dominating force. However in critical moments, a mercenary spirit prevailed. All the property of the Communist Party of Ukraine Central Committee, including subsidiary farms, was seized [by the Supreme Council]. Forget about the property, but why do they behave like the Central Committee? Besides, the deputies are very dependent on their internal agreements. To my regret, petty intrigues and parochial interests very often take precedence over the people's deputies genuine designation—to exert influence on all the processes in the state and on the executive authority through enforceable acts. The deputies should be engaged in that, instead of direct control.

[Zhalovaha] Still, what if the current legislature fails to move on to lawmaking?

[Kuchma] I could say something with this regard, but as for now, I prefer to abstain.

[Zhalovaha] Certain people who cast their votes for you now claim that you have strayed from your election platform. On the other hand, former Belarusian leader Stanislaw Shushkevich has said: "Leonid Kuchma is the only example of a politician who became a much more interesting figure after the election campaign." I would like to hear about your attitude toward the things said by your opponents, as well as by those who approve of your evolution.

[Kuchma] I believe that I have not strayed from my election platform at all. No matter where I speak—western or eastern oblasts—I always speak about an independent Ukraine. I always say that both Russia and the CIS should be our strategic partners. I always emphasize that our relations with Russia should develop, but not at the expense of our relations with other states. Where does Russia acquire new technologies, for instance? In the West. Of what can my opponents accuse me? Of building capitalism?! Before the elections, when I was asked whether I advocated socialism or capitalism, I answered: I advocate the system under which working people involved in both manual and intellectual activities would live normal lives. It does not matter what "ism" is used to define that system. Thus far, we have not managed to improve the economic situation. However, who among the current politicians would accomplish that? There is enough criticism from both the right and the left, but there are no realistic constructive suggestions. We have no choice. We must act the way we are acting. At this point, there is no other option. Every more or less knowledgeable politician would do the same things I am doing.

As for the language issue, I have said that we will only have one national language—Ukrainian. The Russian language has official status.

Besides, the situation keeps changing and I must take that into account.

[Zhalovaha] Ostankino Television aired a report during your recent visit to Moscow, which stirred the emotions of the entire Ukrainian audience. What did you feel when Boris Yeltsin referred to you as his "deputy?"

[Kuchma] There occur situations when I simply cannot react as Kuchma. I am the president of Ukraine. I have a nation of 52 million people behind me. Those are times when I feel that the "crown of Monomakh" [symbol of responsibility deriving from authority] is really heavy.

Instead of an Epilogue

We held our interview shortly after the president had walked 10 km. He was wearing a jogging suit and perhaps, that was why he looked all the more so relaxed. The president was very hospitable and treated us to coffee, cookies, and candy from the famous Lvov "Svitoch" confectionery, as well as with grapes his daughter had brought with her from Crimea. According to ["Crystal Palace"] chief doctor Volodymyr Balanovskyy, the staff of the holiday center were surprised and have the impression that their guest is a regular vacation-goer and not the head of state. He never has any special requests for food (although of course, his meals are cooked separately). Every day, there is a line of visitors waiting to see him. We had the opportunity to see that Leonid Kuchma and his family behave very modestly. When I asked his daughter Olena whether her life has changed since her father was elected president, she said: "It both did and did not change. I have virtually all my old friends. Meanwhile, there is more worry now. I feel offended every time I hear or read something unfair about him. I love my daddy very much, and Romka all but worships his grandfather."

Kuchma To Tour Southern Oblasts

WS0303100895 Kiev UKRINFORM in English 0850 GMT 3 Mar 95

[From the "Current Events" feature]

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[FBIS Transcribed Text] President Leonid Kuchma will leave Kiev on Friday, March 3 for a working tour of Kherson and Mykolayiv Oblasts in southern Ukraine. The tour's aim was stated as familiarization with the regions' preparedness for vernal agricultural crop sowing.

President Kuchma will also visit Vinnytsya to chair a Saturday session of the Council of Regions to be convened there, the presidential press service disclosed on Thursday, March 2.

Party Representatives on Masol Resignation

LD0203202395 Moscow INTERFAX in English 1818 GMT 2 Mar 95

[FBIS Transcribed Text] KIEV, Mar 2 (Interfax - Ukraine)—The resignation of Ukrainian Prime Minister Vitaliy Masol is an attempt to preserve the cabinet of ministers which "had compromised itself by the reforms making the people poor," leader of the Communist parliamentary faction Pyotr Simonenko said.

He told Interfax-Ukraine that the Communist faction would insist on resignation of the entire cabinet when discussing the resignation of Masol.

Simonenko said Masol had been forced to resign. Simonenko said he saw no reasons why there could not be a no-confidence vote in the government. He said the responsibility for the present economic situation in the country should be laid at the door of Deputy Prime Minister Viktor Pinzenik and Economics Minister Roman Shpek.

Simonenko declined to comment on the possible appointment of Yevgeny Marchuk as acting prime minister. He said the entire present cabinet was incapable of resolving Ukraine's pressing problems.

A leader of the Statehood deputy group, Nikolay Porovskiy, said the cabinet was very likely to resign after the resignation of the prime minister.

He said he believed that after the resignation of Masol the parliament's left forces would be reluctant to assume any responsibility for the reforms of President Leonid Kuchma and Deputy Prime Minister Viktor Pinzenik.

Porovskiy said the present situation would let the Ukrainian president form "a coalition government of people's confidence" together with parliament's right-center bloc.

He said Marchuk had "not so bad an image of an administration chief." However, Porovskiy said the candidacy of Marchuk should be discussed more specifically.

A leader of the Reforms deputy group, Vladimir Lanovoy, said he saw no problems in the resignation of the prime minister. He said Masol had failed to produce any significant influence on the economic reforms. At the same time, Lanovoy said Masol had been braking positive changes in the economy's management system.

Lanovoy said he believed it possible that the entire cabinet could resign while parliament discussed the resignation of Masol. Lanovoy said this could allow the president to create an integral system for managing the economy.

Trial of 'White Brotherhood' Sect Underway

LD0203211795 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 2 Mar 95

[FBIS Translated Text] A trial of White Brotherhood, a sect that gained wide publicity a year and a half ago, is in progress in Kiev. The court of law is to examine 25 volumes of this criminal case. Maryna Tsvyhun, Yuriy Kryvonohov, and Vitaliy Kovalchuk, the sect leadership, are accused of an attempt on the health of the population under the pretext of religious rituals, the premeditated infliction of grievous bodily harm, the seizure of state and public property and the organization of mass unrest, facing a prison term of two to 12 years.

Crimean Parliament Chairman Tsekov Resigns

LD0203165595 Kiev UNIAN in Ukrainian 1540 GMT 2 Mar 95

[FBIS Translated Text] Simferopol— A closed session of the Crimean Supreme Council on 2 March granted its chairman Serhiy Tsekov's request for resignation. The parliament's resolution "On Supreme Council Chairman Serhiy Tsekov's Statement" envisages that Tsekov will leave his post as soon as a new speaker is elected.

The Supreme Council rescinded the law of the Crimean Autonomous Soviet Socialist Republic of 10 September 1991 "On State Power Structures in the Crimean ASSR" and adopted a resolution on the procedure for early resignation or dismissal of the Supreme Council chairman. The resolutions were adopted in one package by 66 votes out of 98. The session was subsequently adjourned for group consultations on nominations for the post of Supreme Council chairman.

Statement to Crimean Parliament

LD0203174195 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 2 Mar 95

[FBIS Translated Text] The crisis in the Supreme Council of Crimea appears to have reached its apogee, with deputies, during the course of yesterday's [1 March] evening session failing to take any specific decision and adjourning the debate on the resignation of their chairman until 2 March.

Today's sessionary sitting opened with a statement by Serhiy Tsekov, the chairman of the autonomy's parliament: I have always agreed to a compromise but there will be no more of this. Criminal structures are battling

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for power in Crimea and that is precisely why I will stay where I am until I am removed in accordance with the legislation.

This statement was followed by Tsekov leaving the chamber, while the deputies, after some commotion, elected Deputy Oleksandr Kruhlov to chair the plenary sitting and continued discussions on the issue of their further activity.

In 20 minutes, Tsekov was back, explaining his departure from the chamber by the sitting being inquorate.

Economic Issues

World Bank To Give Annual $800 Million if Reform Continues

LD0303105595 Kiev UNIAN in Ukrainian 0915 GMT 3 Mar 95

[FBIS Translated Text] Kiev—Ukraine can expect $800 million in annual World Bank assistance provided it continues its economic reform, Waffic Grace, head of the World Bank department for operations regional management in Europe and Central Asia [name and title as received], said at a round table meeting at the World Bank mission in Kiev on 2 March.

He said the aid may be supplied as a loan repayable over 17 years, with interest repayable over the first four or five years. The World Bank's immediate projects in Ukraine include modernization of hydroelectric power stations, gas distribution and transit, and other matters, he said.

IMF Envoy: 'No Objections' to 6.4% Deficit

WS0303100495 Lvov INFOBANK in English 0850 GMT 3 Mar 95

[From the "News Service" feature]

[FBIS Transcribed Text] In an interview with an INFOBANK correspondent, the representative of the IMF in Ukraine, Alex Sundakov, stated that the IMF will have no objections regarding the deficit in the Ukrainian national budget approved by the Cabinet of Ministers on March 1. This deficit is expected to be 6.4 percent of GNP. Sundakov added that the version of the budget which was offered by the Ukrainian Government differs from international norms in estimating the influx of foreign investments into the budget. Sundakov said that the 6.4 percent budget deficit in the Ukrainian budget corresponds to the 4 percent deficit as calculated according to international norms. This figure satisfies the requirements made by the IMF. Sundakov expects that Ukraine and the IMF will sign a memorandum containing a program for reforming the Ukrainian economy and an appeal to the IMF executive committee to grant Ukraine a standby credit. The IMF representative believes that these documents will be signed before the arrival in Ukraine of Michael Camdessus, director of the IMF.

Designers Make 'First-Ever' CIS Utility Plane

WS0303105195 Kiev UKRINFORM in English 0850 GMT 3 Mar 95

[From the "Current Events" feature]

[FBIS Transcribed Text] As UKRINFORM's correspondent in Kharkiv, Ukraine's second largest city and industrial center, reported on Thursday, March 2, researchers and designers with the Kharkiv-based Research Institute for Physical Problems of Aircraft Design have succeeded in making the CIS's first-ever prototype of a four-seat utility plane which is expected to become highly competitive on international markets.

The HAI-70 low-wing monoplane is said to be driven by two piston engines to cruise at 170 k.p.h. [kilometers per hour] at altitudes over 100 meters.

According to Serhiy Yashyn, the plane's chief designer, the new plane is highly reliable and carries equipment to make its crew's and passengers' lives safe through utilization of an auxiliary parachute and cushion system.

The new plane's diverse applications include flying ambulance missions, agricultural jobs, as well as environmental monitoring and police patrols.

National Bank To Halt Foreign Currency Circulation

LD0203181395 Moscow INTERFAX in English 1437 GMT 2 Mar 95

[FBIS Transcribed Text] KIEV, Mar 2 (Interfax—Ukraine)—The Ukrainian National Bank will order a halt to foreign currency circulation in the republic, Chairman of the Ukrainian National Bank Viktor Yushchenko told a news conference in Kiev on Wednesday [1 March].

The ban, he said, will make problems "only for the 1,126 structures which sell goods and services for foreign currency cash". Yushchenko said that the monthly trade turnover of these structures amounts to $8 million, or 4.2% of Ukraine's trade turnover (108 trillion karbovantsy).

The ban could cause price rise only in this sector, said Yushchenko.

He also said that from January 1, at the Ukrainian Inter-Bank Currency Exchange, the Ukrainian Bank sold $58 million and bought $43.7 million (the official exchange rate of the karbovanets for March 2 against the US dollar stands at 127600 Karbovanets/$1).

Yushchenko said that 21 Ukrainian commercial banks closed the financial year with losses. At present 17 banks have no positive balance of payment.

Yushchenko said that over 60 Ukrainian banks, out of 231, have capital estimated at 5-10 billion karbovantsy. "Today the banking system has large reserves - 56

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trillion karbovantsy - which is two times higher than the obligatory sum of reserves needed for sustaining critical liquidity," he said.

Faction Leader on Parliamentary Battles

954K0492A Kiev HOLOS UKRAYINY in Ukrainian 15 Feb 95 p 2

[Interview with Oleksandr Karpov, parliamentary coordinator of the Interregional Group of Deputies, by Svitlana Pysarenko; place and date not given: "The Six at the Round Table. The Place of the MDG"]

[Text] *As I understand it, this is an unwritten rule: Representatives of six parliamentary groups (Center, Reforms, Statehood, Rukh, Unity and the MDG [Interregional Group of Deputies]) will get together around a negotiating table in order to coordinate their positions on a particular issue. This happens almost daily during the days on which the plenary meetings of the parliament are in progress. These groups certainly differ in their views on some issues. However, as the practice of their activities has shown, such coordination is definitely beneficial when it comes to a search for the path of reforms in the political and economic spheres. We talked to Oleksandr Karpov, the coordinator for the MDG, one of the six aforementioned groups after they, shall we say, had synchronized their watches yet again. Oleksandr Mykolayovych was frank:*

[Karpov] Indeed, some of the fighters for the happiness of the people frequently tell me that, supposedly, I have stooped to sit at the same table with Chornovil; this means that I am of the same mind with nationalists and national-bourgeois elements. Guys, I respond, if our group did not have its own position in the area of politics and economics and in the humanitarian sphere, we could be accused of being unprincipled. However, if our positions coincide with those of other groups or factions, who would say that we are reasonable if we fail to proceed together? If your position coincides with ours tomorrow, nobody will push you away. Certainly, pragmatism is our position rather then ideological staunchness. On one occasion, I was asked: "Can the concept of healthy nationalism be a unifying one?" I am profoundly convinced that the concept which argues that the rights of a nation take precedence over human rights cannot be unifying. Man and citizen is the focus of attention of the public and the state, and human rights take precedence over the rights of individual groups. Indeed, we have differences with some groups in the parliament in the humanitarian sphere, and differences make their presence known on, shall we say, an organizational and personal plane.

[Pysarenko] Oleksandr Mykolayovych, would you lift the veil of such differences somewhat?

[Karpov] For example, there were the votes on the candidates Volodymyr Hrynyov and Levko Lukyanenko. The right-wing and left-wing forces got together and did not approve Hrynyov's powers. I remember the results of the vote well; they were analyzed. When I say who got together I know what I am talking about. A problem has now developed with Levko Lukyanenko. The law is strict, and it should have been complied with both in Hrynyov's case and now with Levko Lukyanenko. When negotiations went on, and it was explained and shown, they did not listen. I said then that such collisions would reemerge, and that they would yet cry on my shoulder and talk about how some people violate the Constitution. Life has proven that the rules must be the same for all.

[Pysarenko] Still, what do the six factions agree on, what do they manage to accomplish? After all, at present we might hear this: They get together, it is said, in order to resolve particular issues and prevent the opponents from pursuing their policy—after all, their majority becomes a minority. How does this happen? How does the MDG influence these processes?

[Karpov] The scientific potential of the Interregional Group of Deputies to which 32 deputies of parliament belong is undoubtedly its strong point. We have two academicians, doctors and candidates of sciences, former enterprise managers, leaders of the organs of power, and mid-level production personnel. Members of our group serve on 12 standing commissions. Indeed, not only our faction but also other groups and factions which are not in the majority in the parliament cannot actually influence the entire body of deputies and impose its position so that it will become a common asset. To put the parliament, with the help of one group, in the rut of a path specified by this one group is not the issue. Such a path is generally unsuitable. This is why we opted for coordinating the activities of initially four centrist groups among which there are no fundamental differences, with the exception of certain personal relationships. This means that these very personal relationships are beginning to play a greater role than the need for organizational unification; I do not condemn this, there is no escaping it.

The presidential document on the economic reform became a test in a way. It was supported not only by the four groups, but also by Rukh and Statehood. We ascertained that we do not have differences, either, with regard to reforming the economy, the power structure, and the superstructural arrangement. This is why meetings of the representatives of the six factions to coordinate our activities on draft laws which are being discussed and passed are already practiced. Common approaches to organizing the work of the Supreme Council are being developed because we see that the effectiveness of its operation equals the efficiency of a steam engine. As it is, frequently the consideration of so many issues is planned that it is physically impossible to accomplish the work during the allotted time. This is to say nothing about the quality of reviewing and making decisions.

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So, a working group is being set up to develop comprehensive solutions with regard to changing the pattern of Supreme Council operation. Proposals are emerging concerning amendments and changes to the Rules of Procedure themselves since "dead" areas in them, elements which hinder rather than facilitate work are already clearly visible. This does not mean that concepts laid down in the Rules of Procedure will be rejected; it is just that they should be aimed at optimizing parliamentary operations. In particular, there will be a proposal to review issues systemically and in sets rather than "piecemeal" which is impossible for regular perception. As it is, our parliament is far from professional. It operates on a full-time basis, but this does not mean that there are skills in the area of political science and statecraft or experience in legislative activities. It is important to have a system, and only then may there be talk of professionalism. Undoubtedly, grandstanding by advancing a concept while proposing nothing to implement it has got nothing to do with professionalism.

So, some wish to join the USSR. However, this was never a "Union," an association, and soviets never were organs of power, they merely propped it up. "Socialist"—well, socialism has a revisionist wing and the extreme left wing, which in our country is represented in the parliament all right. It is this wing that is saying that its concept is being blocked by the six groups. However, do propose something refined, calculated, and reasonable, and the pragmatic groups will then support you. So, this issue is being discussed: Together with Russia for all time to come. May I ask together with whose Russia? With Yeltsin's Russia? With Zhirinovskiy's Russia? With Zyuganov's Russia? They say that we will be together with the people of Russia. Pardon me, the people are what they are whereas the state is represented primarily by its political elite and the members of leadership, those whose hands are on the helm and who recall this: "When you were a deputy you were more compliant." And this is merely the tip of the iceberg of problems and relationships.

[Pysarenko] Oleksandr Mykolayovych, as is known, members of the Interregional Group in the parliament got together on the basis of the program of the Interregional Reform Bloc which was previously headed by the current President Leonid Kuchma and his current advisor Volodymyr Hrynyov....

[Karpov] Yes, the programmatic principles of the parliamentary group were an extension of program elements developed by the Interregional Reform Bloc. Moreover, the president's program completely follows from and coincides with the program of the Interregional Reform Bloc (I am not talking about details but only about the general approach). It was reformed on the basis of common fundamental conceptual approaches rather than on the principle of personal sympathies, although this element is necessary too, and it is normal. However, there is no reason to talk about the "presidential affiliation" of the MDG in the sense that to each "stand ready!" call we "stand ever ready" as pioneers. A regular discussion and a search for the optimal way take place in the event there are tactical or organizational differences in the approaches of the president, his team, and the MDG, just as it happens in principle among MDG members themselves. The group gets together virtually every day, although not the entire group. Every Wednesday the full membership discusses current and long-term issues, develops proposals and theses, and works on them in order to propose the position of the group. If a different idea surfaces nobody imposes the uniformity of thought on anyone or calls for it.

Lvov Oblast 1994 Economic Statistics

954K0486A Lvov ZA VILNU UKRAYINU in Ukrainian 7 Feb 95 p 3

[Reports of the Lvoiv Oblast Statistical Administration: "The Economy of Lvov Oblast in 1994"]

[FBIS Translated Text] 1994 was the hardest year for the oblast's economy, as it was for Ukraine as a whole. Production decline increased, hidden unemployment rose, labor productivity decreased further, and inflationary processes were not halted, causing the living standard of the population to continue falling. The fact that the decline in production was halted somewhat in the second half of the year had no significant effect on the critical state of the economy.

The Leading Sector of the Economy Is in the Most Serious Condition

In January 1994 as compared with January 1993, industrial output decreased more than threefold (34.6 percent) and over five months reached its lowest point—45.3 percent. Although beginning in January-June (as compared with the same period last year), the decline in industrial output decreased with each month, the rate of decline for the year as a whole was the highest in recent years, measuring 30.6 percent as against 11 percent in 1992 and 15.9 percent in 1993. For Ukraine as a whole, industrial output in 1994 fell by 27.7 percent as against 9 percent in 1992 and 7.4 percent in 1993.

The volume of industrial products manufactured in the oblast in 1994 approximately equalled output in 1975 (in comparable prices).

The output of 88 of the 94 most important types of industrial goods decreased as compared with 1993. Production fell in all rayons and cities of the oblast, as well as in the principal branches of industry. Production volumes shrank at 397 enterprises, or nearly 87 percent of the total number of enterprises in the oblast. Labor productivity dropped 25 percent (20.7 percent in Ukraine as a whole). Output per worker fell at 79.4 percent of all industrial enterprises.

The largest drop in output (46.9 percent) occurred in machinebuilding and metalworking. The decrease in production in the electric power (27.6 percent) and the

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chemical and petrochemical (26.4 percent) industries was less than the oblast average. The situation in the fuel industry improved somewhat at the end of the year: compared with January-September 1994, when the decline in this sector measured 20.1 percent, for the year as a whole, it amounted to 5.9 percent; in the glass, porcelain, and pottery industry—28.4 and 22.6 percent, respectively.

Peasants Are Producing Less and Selling Less

Mainly because of lower yields, output of the principal kinds of agricultural products dropped in all categories of farms as compared with 1993: grain crops—by 4 percent, potatoes—by 29 percent, vegetables—by 17 percent, fiber flax—by 22 percent. Sugar beets were the exception: 21 percent more were grown than last year. Output of animal husbandry products also fell: meat (sale of livestock and poultry for slaughter)—by 10 percent, eggs—by 8 percent, and wool—by 14 percent. Only milk yield was 0.6 percent higher.

The capita of cattle and poultry decreased, primarily as a result of a decrease in the number of cattle and poultry at farms in the public sector.

In 1994 all categories of farms sold the state 174,600 metric tons of grain, or 2 percent more than last year. But the state was sold 12 percent less sugar beets, 35 percent less fiber flax, 44 percent less potatoes, 47 percent less vegetables, 26 percent less cattle and poultry (live-weight), 29 percent less milk and milk products, and 34 percent fewer eggs.

We Are Becoming More Economical

The oblast's farms are laying the foundations for the next harvest. For the harvest of 1995, the oblast's collective and state agrarian entities sowed winter crops for seed and green chop on an area of 213,300 hectares, or 102 percent of the target, including 172,100 hectares for seed (99 percent).

Despite reduced deliveries of fuel and lubricants to the oblast's agroindustrial sector (11 percent less diesel fuel and 21 percent less gasoline), due to the economical use of these products, on 1 January 1995 there were 2,900 more metric tons of diesel fuel and 1,400 more metric tons of gasoline available than last year.

Construction Is Shrinking but Growing More Expensive

Capital stock valued at 4.7 trillion karbovantsi was put into operation in the oblast. Capital investments amounted to 8.5 trillion karbovantsi, or 9 percent less than in 1993. State capital investments accounted for 63 percent as against 71 percent in 1993.

More than half the funds were spent on the construction of housing and social and cultural facilities. Enterprises with all forms of ownership and private individuals built 5,900 apartments totalling 453,000 square meters of floor space, which was 23 percent less than in 1993. There was a 33-percent drop in the housing put into operation at the expense of state capital investments and a 64-percent drop in new housing financed by residential construction cooperatives. Private individuals built three percent less housing at their own expense.

General-education schools to accomodate 3,104 students, preschool institutions to accomodate 620 children, outpatient polyclinics to accomodate 120 visits per shift, and a club for 250 places were put into operation. The number and size of these facilities (with the exception of preschool institutions) put into operation decreased.

Building organizations using their own resources performed contract jobs valued at 5.2 trillion karbovantsi, or 29 percent less than in 1993.

In 1994, the average cost of construction and installation work increased more than 11-fold as against 1993.

Freight Transport Is Halting, Passenger Transport Is Picking Up

The deteriorating situation in the economy as a whole has affected the results of the work of public freight transport. Compared with 1993, the amount of freight in all principal product groups dispatched to meet state needs dropped by more than 15 percent. The volume of freight dispatched in 1994 was only one-third as much as in 1989.

The fact that clients are declining to avail themselves of expensive transportation services, as well as a lack of fuel, caused a 35.8-percent drop in the volume of freight carried by motor transport.

Downtime of freight-hauling motor transport in good working order increased 50 percent as compared with 1993. The volume of freight carried by this form of transport in 1994 was only 21 percent of the volume carried in 1989.

Despite a substantial increase in the cost of public passenger transport services (in particular, the average fare for transporting passengers by rail increased 20.2-fold over the year, and the motor transport rate increased 6.3-fold), the number of passengers carried by all means of public transport increased 6.8 percent as against 1993 and totalled 425.2 million persons. The number of passengers conveyed by all forms of transport, with the exception of air transport, increased.

Pipelines carried 19.2 million metric tons of oil in 1994. Of this amount, 18 million metric tons was oil that passed in transit through the oblast on its way to Western European countries. This amount represented a 5.7-percent increase over 1993.

Foreign Investments in the Economy of Lvov Oblast Are Growing

In 1994, the oblast's enterprises and organizations exported goods valued at $216 million as against imports

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valued at $215.6 million (not counting the centralized import of oil and gas). External trade transactions were conducted with 68 foreign countries, but the principal partners were the countries of the former USSR, which accounted for 67.5 percent of total goods turnover.

The volume of foreign investments in the oblast's economy increased substantially last year and at the beginning of 1995 amounted to $19 million. This sum was $11.6 million more (a 2.6-fold increase) than at the beginning of 1994.

Profits Rose But So Did Debts

Despite the decline in output, the oblast's economic entities, including cooperatives, small enterprises, and joint ventures, earned close to 18 trillion karbovantsi in profits in 1994 (according to preliminary estimates). As in earlier years, industry accounted for the largest accumulations (nearly 45 percent), even though industry's share has tended to decrease in recent years and the share of profits earned in the nonproduction sphere has tended to rise.

At the same time, every tenth enterprise in the oblast ended the year in the red. Every second enterprise in the housing and municipal services sphere, every fourth enterprises in the consumer services sphere, and every sixth enterprise in trade and public catering was unprofitable.

The amount of credit extended by banks to the oblast's economy is not decreasing. As of 1 January 1995, outstanding credit exceeded three trillion karbovantsi, of which 71 percent were in the form of short-term loans.

Payment discipline on the part of the oblast's enterprises is not improving. As of 1 January 1995, the credit obligations of economic entities reached 38 trillion karbovantsi (as against 23 trillion on 1 October) and exceeded debt obligations by 10.5 trillion karbovantsi. In relations with the countries of the former USSR, the debts of our enterprises exceed the debts of foreign enterprises by 116 billion karbovantsi.

Oblast Budget Expenditures Exceed Revenues

In 1994, the state budget [as published] received 19.3 trillion karbovantsi in taxes and payments from the oblast's enterprises, organizations, and residents. Enterprise income taxes accounted for 7 trillion karbovantsi, value-added taxes for 7.2 trillion, and excise taxes for 976 billion karbovantsi.

According to preliminary data supplied by the oblast financial administration, last year revenues into the oblast budget amounted to 7.2 trillion karbovantsi, with enterprise income taxes and value-added taxes making up the principal portion of this amount. Budget expenditures exceeded revenues and amounted to nearly 7.8 trillion karbovantsi. Of this amount, 55 percent were spent on education and health care, one-quarter on the social protection of the population, and only one-tenth on the development of the production branches of the local economy.

Concerning Our Wallets and Our Prices

Nominal personal monetary incomes increased (according to expert calculations) in 1994 by a factor of 9.2 and totalled 23.6 trillion karbovantsi. Rising wages accounted for nearly 66 percent of the total amount of growth. The rest of the growth stemmed from increases in payments from social consumption funds (pensions, stipends, cash benefits), income from the financial system, and other sources. The share of monetary income in the form of wages and other income from enterprises and organizations increased 60.2 percent in 1993 as compared with 65.2 percent last year [as published]. Contributing to this was a significant increase in the funds designated for consumption at enterprises in the state sector of the economy. The average monthly per capita income in this sector of the economy (except for employees of cooperatives, small enterprises, limited liability companies with all forms of ownership, and small state enterprises specializing in trade, public catering, and consumer services) amounted to 1.3 million karbovantsi in 1994 as against 144,200 karbovantsi in 1993, and the average monthly wage was 1.1 million as against 131,800 karbovantsi. In December 1994, average income amounted to 3.2 million karbovantsi and the average wage to 2.9 million.

The average monthly wage of collective farmers in 1994 amounted to 784,000 karbovantsi as against 89,000 in 1993.

The rate of inflation fell somewhat in 1994 as compared with the year before. The average monthly rise in prices measured 44 percent in 1993, while in 1994 this indicator was 14 percent.

The prices and rates of consumer goods and paid services increased 9.5-fold over 1994 as compared with 1993, of which the price of goods rose by a factor of 8.9 and that of services by a factor of 13.1.

The average monthly inflation index over the year measured 115.7 percent. Inflationary processes spiked in January (119.2 percent), November (172.3 percent), and December (128.4 percent).

The average cost of a selection of 22 essential food products at state and cooperative trade prices in the city of Lvov increased from 410,500 karbovantsi in January 1994 to 2,230,000 karbovantsi in December. The cost of the same assortment if bought at a farm market would have been [as published] 17 percent higher in December 1994.

Monetary Expenditures and Providing the Population with Goods and Services

Personal monetary expenditures in the oblast increased 9.3-fold in 1994 and amounted to 22.8 trillion karbovantsi, or 0.8 trillion less than the total amount of monetary

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income. The greatest increase in spending occurred in the cost of services, which rose 12.8-fold. The increase in personal savings in the form of deposits and the purchase of bonds and other securities lagged substantially behind other items of expenditure.

The public continues to be unsatisfactorily supplied with goods. Sales of essential food products—oil, confectionary products, sugar, meat, margarine, eggs, and sausage products—dropped 33-53 percent.

The fall in food product sales was caused by reduced deliveries to the trade network from wholesale bases as well as by a drop in the purchasing power of the population.

Trade enterprises were hampered in buying goods from wholesale and industrial enterprises by a shortage of funds. As a result, for the first time following a two-year decline, starting in October 1994 goods began to pile up at wholesale bases and industrial enterprise warehouses.

Last year, the oblast's residents were sold paid services in the amount of 3.6 trillion karbovantsi; their volume increased 12.2-fold in comparison with the preceding year but fell 2.5 percent in comparable prices, including a 46.6-percent drop in the case of consumer services.

There Are Fewer and Fewer Consumer Goods...

In 1994, the oblast's industrial enterprises decreased the output of consumer goods by 32.3 percent as against 29.5 percent in 1993 and 26.7 percent overall in Ukraine. Nearly two-thirds of all enterprises (283) that manufacture consumer products decreased their ou put.

The output of light industry products fell by nearly 52 percent. Of every our enterprises that manufacture these goods, three decreased output.

The output of children's products dropped catastrophically. Compared with 1993, production of hosiery goods decreased by a factor of 2.6, knitted goods by a factor of 3.1, sown goods by a factor of 4.3, and footwear by a factor of 2.3.

Compared with 1993, the shortfall in consumer goods measured 43.7 percent (31.8 percent in Ukraine as a whole). The production of television sets decreased 3.3-fold, mopeds—4.3-fold, perfumery products—to nearly half the previous level, washing machines and household chemical agents—to two-thirds of the previous level.

The decline in the output of food products was smaller than in other groups of goods—15.2 percent (18.3 percent in Ukraine as a whole). Output of almost all food products decreased with the exception of canned meats, granulated sugar, and baker's yeast.

Privatization Is Growing in Scope

Throughout the year, the State Privatization Program was carried out on an increasingly wider scale. Compared with the entire period up to 1 January 1994, during which 322 objects of state and communal property had been privatized in the oblast, 803 objects were privatized in 1994. The value of privatized property amounted to 705 billion karbovantsi, while the actual price of sale, including the distribution of state shares, was 725 billion karbovantsi, of which sales in exchange for property privatization certificates totalled 254.4 billion and for money, 389.2 billion; property worth seven billion karbovantsi was transferred without cost, and property valued at 76.4 billion karbovantsi remains state-owned.

In 1994, 43,700 apartments and single-family houses were privatized measuring a total floor space of 2,205,000 square meters as against 29,900 apartments and 1,365,800 square meters of floor space in 1993. The number of apartments transferred into private ownership constituted 13.8 percent of the total number of apartments in the state housing fund as of 1 January 1994. Nearly 111,000 residents of the oblast availed themselves of the right to privatize the housing they occupied.

For the First Time in Many Years—a Negative Balance

Last year, for the first time in many years, the population of the oblast decreased by 8,000, or by 0.3 percent, and totalled 2,770,000 at the beginning of 1995. This decrease was caused by a sharp drop in natural growth and a negative balance in the mechanical movement of population.

There were only 23 more births than deaths in the oblast in 1994, and the level of natural growth fell to 0.1 per 1,000 residents as against 1.2 in 1993.

The mechanical decrease in the number of residents for the year was 8,000 persons and was caused by the migration of urban population from the oblast.

Official Unemployment Is Falling and Hidden Unemployment Is Rising

he number of registered out-of-work citizens increased by only 400 persons and totalled 11,900 at the end of 1994 (1.1 percent of the work force in the national economy). The number of people with official unemployed status actually fell by 700 and totalled 9,700 persons. Women acount for nearly 70 percent of this number. Manpower demand among the oblast's enterprises and organizations totals 2,900 persons.

At the same time, hidden unemployment has risen sharply. During 1994, due to downtime in production alone, 94,200 persons did not work every day, including 83,400 in industry. For the sake of comparison, in 1993, 35,100 and 27,800 persons, respectively, did not work every day for the same reason.

Forty-One of Every Hundred Criminals Do Not Work and Do Not Study

In 1994, the oblast's internal affairs organs registered 22,800 crimes, which is 7.7 percent more than in 1993.

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The number of serious crimes increased 1.5-fold; the number of crimes committed by groups of individuals increased by 17.6 percent.

Crime rates grew in 17 rayons of the oblast and in all cities under oblast jurisdiction, with the exception of Boryslav. In the city of Lvov, the crime rate rose 4.3 percent. During the year, 10,600 persons who had committed crimes were caught and criminal charges were brought against 82 percent of them (in 1993—9,200 and 85 percent, respectively). The number of able-bodied criminals caught who neither work nor study rose over the year by 13.5 percent and made up 41 percent of the total number.

*Crimean 1994 Socio-Economic Statistics Reported

954F1491A Simferopol KRYMSKAYA PRAVDA in Russian 21 Feb 95 p 1

[Report by State Statistical Committee, Republic of Crimea: "Crimea's Socio-Economic Position in 1994. Report of the State Statistical Committee, Republic of Crimea"]

[FBIS Translated Text] **INDUSTRY**

Industrial production declined in 1994 compared with 1993; labor productivity fell by 19 percent.

The tendency for the rate of decline in industrial output to slow down, starting in June of last year, continued in the second half.

Compared with 1993, the rate of decline in volumes of production in enterprises of practically all the basic sectors of industry remained high. The biggest slump in industrial production occurred in the petrochemical, light, glass, and ferrous metallurgy industries, also in the cities of Dzhankoye, Feodosiya, Yevpatoriya, Kerch, and Alushta.

In all, about 76 percent of industrial enterprises decreased production volumes in 1994.

According to the past year's results, the production of most of the important kinds of goods declined.

Under conditions of reduced investment activity in the economy, the output of many kinds of products in machine building was lower than in 1993. The situation was similar in the chemical industry.

Under conditions of reduced volumes of construction work, the output of most types of building materials also fell.

Fuel and energy enterprises in 1994 produced twice as much oil (including gas condensate) as in 1993, and 22 percent more natural gas; at the same time, electricity output fell by 13 percent.

As of 1 January 1995, the main consumers of fuel had accumulated 88,300 tonnes of coal and 45,800 tonnes of fuel oil; compared with stocks as of 1 January 1994, these represented a drop of 34.8 and 3.3 percent, respectively.

These coal reserves are only enough to run enterprises for 29 days; fuel oil will last for 23 days.

Fuel reserves are totally exhausted at the Crimean Soda Plant, the Kerch, Kirov, and Primorsk building materials plants, the Kerch Ship Repair Plant, the Kerch Seaport, and many of Crimea's kolkhozes and sovkhozes.

Unstable financial policies and the imperfect tax system are having a negative impact on scientific and technical endeavors. Industrial enterprises' ability to put resources into technical retooling has declined appreciably. In 1994, for example, only five enterprises were engaged in integrated mechanization and automation work, and nine enterprises were installing progressive new technologies. No industrial robots were being installed in enterprises in 1994, and the installation of new technologies fell by 19.6 percent.

THE AGROINDUSTRIAL COMPLEX

Yields of almost all farm crops raised in 1994 were smaller than in 1993.

Gross grain harvests, including corn, added up to 1,065,300 tonnes (weight after processing) on all categories of farms; this is 429,800 tonnes—29 percent—less than 1993; the sunflower seed crop was 18,900 tonnes, down by 15,200 (45 percent); potatoes, 299,900 tonnes, down by 123,500 (29 percent); vegetables, 237,700, down by 41,700 (15 percent); fruits and berries, 134,400, down by 96,300 (42 percent); and grapes, 109,300, down by 103,300 tonnes (49 percent).

The state grain purchase contract was fulfilled by 42 percent, yielding sales of 274,700 tonnes—only 53 percent of the purchase level in 1993.

A total of 7,400 tonnes of potatoes were purchased in 1994—51 percent of the amount in 1993; in the case of vegetables, 60,300 tonnes (51 percent); fruits and berries, 37,300 (45 percent); and grapes, 76,800 tonnes (47 percent).

For the coming year's harvest, winter crops for grain and green fodder were sown on 475,900 hectares—85,900 hectares fewer than in the fall of 1993. Out of 369,400 hectares of winter grain crops, wheat occupied 236,100 hectares, barley occupied 126,200 hectares, vetch and vetch mixes occupied 3,700, and rye occupied 2,900 hectares.

The situation was extremely troubling in the livestock sector.

Reduced herds of livestock and flocks of poultry, and low productivity, caused a substantial drop in production volumes and livestock product procurements. Sovkhozes and collective agricultural enterprises in 1994

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produced 92,400 tonnes of meat (live weight)—17 percent less than in 1993, along with 362,200 tonnes of milk (31 percent less), and 457.6 million eggs (26 percent less). Average daily weight gains in the raising and fattening of cattle and swine came to 175 and 126 grams, respectively, versus 257 and 161 grams in 1993. Average milk yields per cow fell by 619 kilograms, to 1,924 kilograms; egg production per hen fell by 13, to 186. Livestock births declined, while deaths rose.

At the start of this year, the number of cattle on all farm categories came to 598,900 head, including 221,600 cows (18 and 11 percent fewer, respectively, than at the start of the previous year), 291,600 swine (21 percent fewer), and 734,000 sheep and goats (26 percent fewer).

The poultry count on collective farm enterprises and sovkhozes fell by 42 percent, adding up to 4,072,400 in all.

In the past year, 65,300 tonnes of livestock and poultry (live weight) were added to state stocks from all farm categories—32 percent less than the previous year's purchase volumes; in the case of milk and dairy products, 268,100 tonnes (42 percent less); eggs, 416,600 (24 percent less); and wool, 1,164 tonnes (51 percent less).

CONSTRUCTION

A critical situation persists in capital construction.

Out of 19 projects and facilities listed by name in the state contract's start-up program for 1994, only seven were put into operation.

Fixed assets that were put into operation throughout the national economy came an actual value total of 2.569 trillion karbovantsy.

Investment volumes fell by 28 percent compared with 1993, adding up to 6.308 trillion karbovantsy. The share of capital investments in the construction of production facilities came to 28 percent versus 39 percent in the previous year.

Of the total volume of capital investments, state sector investments came to 4.604 trillion karbovantsy (73 percent); collective ownership investments totalled 1.105 trillion karbovantsy (18 percent).

Centralized sources of financing accounted for over 2.814 trillion karbovantsy (45 percent); of that figure, almost 2.28 trillion karbovantsy (81 percent) was used to build non-production facilities.

The construction of social sphere facilities proceeded slowly. Residential buildings totalling 489,000 square meters went into operation (adding up to 6,900 fully-equipped apartments in addition to dormitories); this is 7 percent less than in 1993. Less housing was put into operation in Simferopol, Sevastopol, Dzhankoye, Kerch, Krasnoperekopsk, Yalta, and in half the rural rayons.

State enterprises and organizations accounted for the completion of 55 percent of the total volume; individual builders accounted for 28 percent; and collective enterprises and organizations accounted for 17 percent.

General education schools accommodating 1,155 pupils were completed, along with a kindergarten for 330, a 60-bed hospital building, and an out-patient clinic accommodating 40 visits per shift. This is considerably fewer than the preceding year (except for hospitals).

In rural districts, residential buildings totalling 97,500 square meters were completed; of that figure, 55,600 square meters were built by the population.

Annual contract targets for the completion of housing were met by 70 percent; in the case of general education schools, by 54 percent; out-patient clinics and polyclinics, 50 percent; and preschool institutions—35 percent.

A total of 700 billion karbovantsy of centralized capital investments was spent on building projects in the program to repatriate deported peoples to Crimea; of that figure, almost two-thirds went to build housing. A total of 47,700 square meters were completed—55 percent of what the contracts called for.

TRANSPORT AND COMMUNICATIONS

All types of general-purpose transport carried 20 million tonnes of freight in 1994; this is 38.5 percent less than the previous year. The biggest drop in the volume of haulage was noted in automotive transport—46.1 percent. The Crimean Department of the Dnepr Railroad shipped 10.7 million tonnes of freight—a 33-percent drop from 1993. In terms of product classification, there was a big drop in shipments of chemical and mineral fertilizers—by 78.2 percent; iron ore, 66.3 percent.

Crimea's commercial seaports handled 2,574,200 tonnes of cargo—a 25.1-percent drop from the previous year.

Communications enterprises provided 1.6923 trillion karbovantsy worth of services, including 541.9 billion to the public. Because communication services to the public became considerably more costly, the number of inter-city and international calls fell by 19 percent, and the amount of deliveries of periodicals (newspapers and journals) fell by 12 percent. Radio set subscribers are dropping out; in 1994 the number of sets fell by 8 percent, including 12 percent in rural districts.

THE DEVELOPMENT OF MARKET RELATIONS

On 1 January 1995 state-owned enterprises made up 65 percent of the total number (versus 70 percent in 1993); their proportion in the total volume of industrial output stood at 74 percent (63 percent in 1993).

There were 112 enterprises operating in the non-state sector of industry in 1994; their share in the total number and volume of output was 35 and 26 percent, respectively. Of enterprises in the non-state sector, a

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substantial portion are lease enterprises, representing 71 percent of the total number and 83 percent of production volume (in 1993 these figures were 95 and 98 percent, respectively). Structural changes in the non-state sector are reflected in the development of new forms of ownership—joint stock and collective. There are 11 joint stock enterprises in the sector, accounting for 10 percent of the total number and 8 percent of the production volume in the non-state sector.

There were 61 construction organizations operating in the construction complex in the non-state sector (44 percent of the total number). They carried out almost 55 percent of the total volume of contract work. Of the non-state-owned enterprises, 35 are lease enterprises and 13 are business partnerships.

In the agrarian sector, there were 1,090 individual (peasant) farms at the start of January 1995. These farms had 15,854 hectares of land in use, including 11,974 plowed hectares.

In trade, there were 779 stores and stalls operating on a lease basis, and 411 public food service enterprises; they sold goods worth 4.59 trillion karbovantsy (29 percent of the total turnover).

Privatization of state housing resources continues; in 1994 the population privatized 64,700 apartments and single dwellings with a total area of 3.2 million square meters; this is 6 percent more than in the same period of the previous year. Most of the housing (61,100 apartments or 94.4 percent of the total number privatized) was transferred to citizens' ownership free of charge and with compensation by housing vouchers for insufficient space. Over the whole privatization period (since January 1993) 125,900 apartments totaling 6.1 million square meters—almost one-third of all state apartments—were transferred to citizens' private ownership.

FOREIGN ECONOMIC RELATIONS

Foreign trade turnover in 1994 came to 274,447,000 million U.S. dollars, including exports of 163,705,500 million and imports of 110,741,500 million.

An active trade balance prevails with countries of the near and far abroad. The foreign trade balance stood at 52.964 million U.S. dollars, including 31.283 million with the Baltics and the CIS republics and 21.681 million dollars with other countries. Moreover, the biggest positive foreign trade balance was with the Russian Federation—28,103,900 million U.S. dollars, and Belarus—15,940,500 million dollars.

Enterprises and organizations have economic relations with partners in 73 countries.

The principal form of settlement for export deliveries is still barter transactions or commodity exchange—53 percent. Over 50 percent of all settlements in import transactions are handled with convertible currency.

In 1994, direct investments in Crimea's economy (those giving the investor the right to take part in managing the enterprise and constituting over 10 percent of the enterprise's nominal capital) came to 2.579 million U.S. dollars. Foreign investors invested 58.6 percent in the food industry—1,510,900 million dollars.

FINANCIAL POSITION

Revenues of Crimea's consolidated budget in 1994 came to 14.5347 trillion karbovantsy. One of the main sources of budget revenues is the value-added tax and excise tax—6.1337 trillion karbovantsy, or 42.2 percent of all revenues, also the profit tax on enterprises and organizations, 4.8174 trillion karbovantsy or 33.2 percent of all revenues. Citizens' income tax accounted for 1.4635 trillion karbovantsy (10 percent of all revenues).

In Crimea's budget outlays, which came to 14.0165 trillion karbovantsy, social and cultural measures were financed in the amount of 6.6475 trillion karbovantsy or 47.4 percent of all spending; the national economy got 2.3916 trillion karbovantsy or 17.1 percent. Administration took 363.8 billion karbovantsy or 2.6 percent of all outlays; and social protection received 3.0822 trillion karbovantsy or 22 percent of all outlays.

Balances of individuals' deposits in branches of the Savings Bank in the year rose 5.4-fold and added up to 500.5 billion karbovantsy.

The average deposit amount at the end of 1994 was 129,000 karbovantsy, a 5.6-fold rise over 1993. The crisis in the economy had a negative impact on the financial condition of enterprises and organizations. In the first 11 months of the year, one out of every eight enterprises operated at loss, to the tune of 2.1130 trillion karbovantsy.

PRICES AND PEOPLE'S INCOMES

People's incomes in 1994 added up to 32.4 trillion karbovantsy and exceeded spending by 0.5 trillion karbovantsy.

Average monthly earnings per capita in 1994 came to 1.0221 million karbovantsy; cash spending stood at 1.0074 million karbovantsy; these figures were 9.9 and 11.1 times greater, respectively, than in the previous year.

Workers' and employees' earnings and wages paid by enterprises and organizations from January through December increased tenfold over the same period of the previous year and stood at 1.499 and 1.342 million karbovantsy. In December 1994, average earnings and wages were 3.793 and 3.282 million karbovantsy. Average monthly pay for workers in collective farm enterprises in 1994 stood at 617,500 karbovantsy.

Prices on the consumer market rose twelvefold in 1994 over 1993. Moreover, the principal factor in price rises was fee-charging public services, which rose 21-fold, while prices on non-food goods rose twelvefold and food

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prices rose ninefold (in the state and cooperative network, including volumes of commercial and second-hand trade and the kolkhoz market).

The greatest price hike among food items in 1994, compared with 1993, occurred on milk and dairy products—a 25-fold rise; on vegetables, 19-fold; potatoes, 16-fold; lard and sugar, 14-fold; bread and baked goods, 11-fold; and meat, poultry, and fish, ninefold.

Among non-food items, the biggest hikes occurred in linen fabrics—25-fold; matches—23-fold; detergents—21-fold; gasoline—18-fold; and pharmaceuticals—10-fold. Passenger fares rose 29-fold; communication and cultural services rose 25-fold; health care rose 24-fold; and sanatorium, resort, and fitness facility prices rose 20-fold.

Prices on basic types of vegetable products rose 6.4-fold over 1993; and livestock products rose 5.4-fold. The average price per tonne of grain was 3.632 million karbovantsy; a tonne of oil seed cost 7.044 million; a tonne of potatoes was 6.771 million; vegetables 7.528 million; fruits and berries, 5.07 million; grapes, 7.169 million; milk, 2.309 million; a tonne of live-weight livestock and poultry, 13.767 million; and a thousand eggs cost 1.562 million karbovantsy.

POPULATION EMPLOYMENT AND THE DEMOGRAPHIC SITUATION

The regulated labor market in 1994 functioned under conditions of a slower rate of reduction of surplus manpower in industry and reduced labor demand.

A total of 30,200 unemployed citizens applied to employment services for work, and 3,400 of them were given the status of unemployed person; this is 500 more persons than in 1993.

The number of registered unemployed persons at the end of the year was 1,700, versus 1,200 at the start of the year.

The unemployment level in Crimea rose by 0.03 percent over 1993 and at the beginning of January 1995 stood at 0.12 percent of the able-bodied population of working age.

The number of unemployed registered by the employment service during the year was about the same, averaging 850 persons per quarter.

The process of natural decline in the population continues. The number of deaths exceeded the number of births by 11,200. There were 9 births and 13.3 deaths per 1,000 population in 1994, versus 9.7 and 12.3, respectively in 1993. On 1 January 1995 the Crimean Republic's population stood at 2,632,500 million.

THE CONSUMER MARKET AND THE SPHERE OF SERVICES

In the production of consumer goods, the rate of decline slowed. A total of 16.586 trillion karbovantsy worth were produced in 1994, which is 72 percent of 1993's output. Almost two-thirds of the enterprises reduced the production of goods for the public and came up with an output shortfall of over 7.85 trillion karbovantsy under the previous year. Three-quarters of this total were accounted for by enterprises of the Ministry of Agricultural Production, the State Food Industry, the Ministry of Machine Industry, and State Committee for Light and Textile Industry. The output of consumer goods fell by between 29 and 40 percent from 1993 in Kerch, Yevpatoriya, Feodosiya, and Dzhankoye (including rayon enterprises).

A total of 1.0068 trillion karbovantsy worth of food products were produced.

The production of confections fell by almost two-thirds from 1993; the production of canned fruits and vegetables declined by half; and flour, groats, and pasta production fell by 15 to 17 percent. The situation remains unsatisfactory in the production of canned baby foods, volumes of which stood at only 26 percent of the 1993 level, and the production of children's cooked sausages and cream and infants' kefir stood at 72 to 86 percent.

The production of light industry goods stood at 37 percent of the 1993 level.

The biggest drop was in the production of ready-made clothing, leather goods, footwear, stockings and hosiery, and knit goods.

The production of cultural, household, and office goods stood at a low level. Compared with 1993, the production of blenders fell 3.4-fold, radio sets and televisions by two times, color televisions by 36 percent, and household chemicals (in small packages) by 48 percent.

There was a substantial drop in the production of children's goods. The production of pants, suits, dresses, and panty hose stood at only 8 to 20 percent of the 1993 level; the production of knit goods, shirts, and toys stood at 28 to 48 percent.

Total retail trade turnover came to 15.974 trillion karbovantsy—8.3 times more than the previous year. Increased prices accounted for 90 percent of the total volume of retail turnover. In comparable prices, the volume of sales fell by 18 percent.

In the sphere of fee-charging services there were no substantial changes; the amounts offered to the public in 1994 came to 7 trillion karbovantsy; in actual prices this is 16 times more than in the previous year, but in comparable prices it is 25 percent lower.

The situation is unsatisfactory with respect to meeting the public's consumer service requirements, the volume of which fell by 30 percent from the previous year in comparable prices.

EDUCATION

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A total of 369,500 schoolchildren, 23,300 vocational-technical school students, and 46,200 college students are attending state-run schools of various levels.

The network of non-state schools is expanding. This school year, the Crimea has 13 higher educational institutions that are not state-owned, providing an education to 6,700 persons.

Instruction in all higher educational institutions is conducted in Russian, while instruction in the public schools is in Russian, Ukrainian, and Crimean Tatar.

CRIME

MVD [Internal Affairs Ministry] agencies registered 30,818 crimes in 1994—practically the same as in the previous year. Half of the registered crimes were rated serious. There was an overall drop in crime in Yalta, Krasnoperekopsk, and Simferopol, and in Kirovskiy, Leninskiy, Sakskiy, Simferopolskiy, and Chernomorskiy rayons, but Alushta experienced a 59.7-percent increase, Armyansk a 31.6-percent rise, Dzhankoyskiy rayon a 38.5-percent increase, and Nizhnegorskiy Rayon a 28.4-percent rise.

The number of deliberate criminal assaults on citizens' life and health increased: the number of murders and attempted murders rose by 29.3 percent, and grave bodily injuries rose by 27.6 percent. More than two-thirds of all registered crimes were robberies, burglaries, and assaults.

During the period there were 32 assaults on centralized money storage facilities, including 27 on enterprise vaults and three on banks.

Firearms were used to commit 170 crimes, cold weapons and burglary tools were used in 488 (the respective figures in 1993 were 123 and 407). There was a substantial rise over 1993—1.6-fold—in the number of registered crimes involving the illegal manufacture, acquisition, storage, transport, and sale of narcotics.

The number of illegal currency and securities transactions rose. A total of 107 illegal currency transactions were registered along with 36 involving the making and selling of counterfeit money and securities.

A total of 11,100 persons who committed crimes were caught; more than a third of them were in a state of alcoholic intoxication; one out of every seven had an earlier record and another one out of every seven was a minor.

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Belarus

CFE Treaty Fulfillment Reported 70% Complete

WS0303112195 Minsk BELAPAN in English 1545 GMT 2 Mar 95

[FBIS Transcribed Text] The Republic of Belarus has suspended the reduction of weaponry under the Conventional Armed Forces (CFE) Treaty. It should be recalled that the reduction was to be completed by November 16. The fulfillment of the CFE Treaty was suspended in the insistence of the Commander-in-Chief of the Armed Forces of Belarus Alyaksandr Lukashenka who declared this while visiting the Pukhavichy garrison and at a meeting with veterans of the Second World War and the Armed Forces. As a BELAPAN correspondent was informed at the Public and Political Information Board of the president's administration, it is still unknown whether the suspension was legally documented. Even if a document on this subject is available, it is secret. Among the reasons for suspension the president named the real possibility of the transfer of the border of the North Atlantic Treaty Organization to the western borders of Belarus and the Commonwealth, as well as difficulties in the financing of the process of disarmament. According to experts, the latter should be regarded as the main reason as a result of which the enterprises that are to be engaged with the destruction of military equipment, not given the necessary financial support, have had to stop. Now the Ministry of Foreign Affairs is working to draw the attention of the other CFE Treaty member states to this problem, and attain financial support for the realization of the Treaty. According to the Treaty, by November 16 the Republic of Belarus will have dismantled 2,171 tanks (including 298 T-80 tanks), 1,461 armored combat vehicles and 134 combat aircraft. During the previous two stages of reduction Belarus destroyed 69 percent of the tanks, 68 percent of the armored combat vehicles and 64 percent of the aircraft. According to the National Agency for Control and Inspections (NACI), the fulfillment of Belarus' engagements under the Treaty was suspended at a level of 70 percent on all the key categories of military equipment.

Kinkel Concerned at Minsk Suspending Disarmament Treaty

LD0203191795 Moscow INTERFAX in English 1639 GMT 2 Mar 95

[FBIS Transcribed Text] MINSK, Mar 2 (Interfax)—The German Foreign Minister Klaus Kinkel has expressed "concern" over the statements by Belarusian President Alyaksandr Lukashenka on suspending the fulfillment of the commitments by the republic in terms of the treaty on conventional armed forces in Europe.

This is evident from the German Foreign Minister's official statement, handed to Interfax by the German Embassy in Minsk.

The document says that "the treaty is the most comprehensive agreement in the history of disarmament and control over armaments, a stronghold of security for the whole of Europe, which is aimed at the future and based on confidence and cooperation".

According to Kinkel, the first two completed reduction stages were fulfilled consistently and in line with the treaty by all the signatories, particularly by the states, the legal successors of the former Soviet Union.

"The treaty must not be put in doubt by one-sided steps," says the statement. It notes that requests by individual signatories may be discussed "in a joint consultative group" in Vienna.

Speaking about Bonn's position on the issue, Kinkel said that "for open problems, solutions, which consider security requirements of all the sides, could be sought within the existing treaty framework". He believes that "unilateral actions must not replace the jointly elaborated policy in the field of security of all 30 signatories."

"In Europe, where all nations are dependent on each other, noone can today solve its security problems unilaterally. This would contradict the norms of the organization on Security and Cooperation in Europe and the principles of the closest coordination and cooperation in the Council of North Atlantic Cooperation, of which Belarus is a member," said Kinkel. He appealed that the Belarusian leadership "think its steps through thoroughly".

Ministry Official Denies Minsk Leaving Disarmament Treaty

LD0203201495 Moscow ITAR-TASS World Service in Russian 1257 GMT 2 Mar 95

[By BELINFORM correspondent Valentina Menshikova - TASS]

[FBIS Translated Text] Minsk, 2 Mar—Belarus has no intention of leaving the Treaty on Conventional Armed Forces in Europe and is not striving to do so. This is how Aleksandr Baychorov, head of the Belarus Foreign Ministry's department of international security and disarmament, commented today on the concern expressed by Klaus Kinkel, the German foreign minister, on this issue. According to him, the suspension of the process of reducing arms and military equipment under the Treaty on Conventional Armed Forces in Europe is connnected with a lack of money to finance the plants engaged on eliminating this equipment. This position has been agreed with the republic's Security Council and president, A. Baychorov said.

Columnist Criticizes Yeltsin's Trip Results

WS0203151595 Minsk BELAPAN in English 1500 GMT 1 Mar 95

[Article by Alyes Knyazyuk: "Interstate Relations: Yeltsin Is Hoping for a Rapprochement With Belarus

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Closer Than a Deep Integration" - From the "Analysis, Commentaries, Forecasts" feature]

[FBIS Transcribed Text] The president of the Russian Federation is sure that "Belarus and Russia will live together." This is his word-to-word declaration that he made concluding his speech before Belarusian intellectuals during his visit to Minsk on 21-22 February, 1995. What gives the leader of the Russian state grounds for such an assertion? He said: "The Belarusian people regard Russia with a good spirit and a kind heart and do not bear grudges caused by trifles. According to several sources of information, almost every fifth Belarusian family has relatives in Russia. Integration is coming from below between Belarus and Russia. Now the majority wants the rapprochement of our states, and even closer than a deep integration. Russians and Belarusians have such a degree of kinship, trust, and mutual understanding that is rarely found among two close neighbors. This is a reliable guarantee that all difficulties on the way to a close cooperation will be overcome. The president of Belarus and I regard this matter most seriously." I repeat once again: This is a quote from the speech of Mr. Yeltsin at the Belarusian Academy of Sciences the day before his departure from Minsk. It is a quote which, if analyzed, raises a number of questions. Firstly, what does Mr. Yeltsin mean by integration from below? Surely not ordinary Belarusians travelling to Russia in order to earn their living by selling at the market foodstuffs? Secondly, what does Mr. Yeltsin understand by closer than a deep integration? Perhaps, the incorporation of Belarus into Russia with the rights of a federative constituent. However, during the visit of the president of Russia, he spoke more specifically on this question, calling the signing of the Agreement on Friendship, Good-Neighborliness and Cooperation Between the Republic of Belarus and the Russian Federation the beginning of a large-scale rapprochement of the two states, from which it is possible that a union will follow (!). Finally, what does Mr. Yeltsin mean by a high level of trust between Belarusians and Russians? In any case not the one demonstrated during his visit to Minsk: On the eve of the visit, at the initiative of the bodyguards of the president of Russia, all litter bins were removed from Skoryna Avenue in the Belarusian capital—allegedly in order to prevent the opportunity of planting explosive materials in them and to ensure security during the procession of the presidential cortege. Throughout the area along the route the honorable guest was to follow stood a militia cordon, and people living or working in that zone could not reach their families or places of work for several hours. The militia did not even let in the journalists who had official invitations to cover the visit. An hour before Yeltsin and Lukashenka laid wreaths at the monument to victims of the World War II on Victory Square, a special militia detachment had driven back the supporters of the Belarusian Popular Front, who had come to express their negative attitude to the president, together with simply curious citizens... Does he really think that all these facts are evidence of trust between the two nations?

So what are the results of the visit? In the political sphere, it is the signing of the Agreement on Friendship, Good-Neighborliness and Cooperation. In particular, it reaffirms the intentions of both parties to coordinate their foreign economic activities, giving priority attention to the creation of a system of collective security, and to reach an agreement on the direction of economic reform, as well as the financial-credit, budget, currency, investment, price, tax, and customs policies. This means that the sides have headed for the transfer of a series of functions of the Belarusian state to Moscow—for it is obvious that Belarus will have to come to an agreement with Russia about the Belarusian Government's actions, and not the other way round. The former Belarusian Supreme Soviet Chairman Stanislaw Shushkevich, who personally acquainted with the president like no other Belarusian politician, maintains that the main reason for this visit was Russia's search for political support in the light of the prolonged Chechen crisis. It is also significant that the president of Russia, still talking in general terms about friendly relations with Belarus, announced while he was in Minsk: "In foreign policy, Russia's priority is the CIS, and among the countries of the CIS, it is its relations with Belarus."

In the military sphere, the conclusion of treaties on the principles and procedure for the implementation of agreements in the field of disarmament and control over weaponry at the Russian strategic bases temporarily stationed on the territory of Belarus; on the organization of deployment, airfield- technical security and the protection of military aircraft at the military airfields of the two countries; on cooperation among state members in accordance with the Agreement on the Open Sky; on control of the quality of foodstuffs supplied for the armed forces of Belarus and Russia. Once again, one can imply that Belarusian military aircraft will use Russian military airfields. In other words, Belarus will not only simply become (in breach of the declaration of neutrality incorporated into its Constitution) a military ally of Russia, but will continue to remain a huge military base of Moscow. In the financial sphere, Yeltsin announced that Belarus would be assigned a long-term credit to the amount of 150 billion Russian rubles, "and then another form of financial support will be found." Thus, recalling his words "Russia and Belarus will live together," our Republic will play the role of a kept woman. In the frontier-customs sphere the sides signed:

—the Agreement on combined efforts for the defense of the Belarusian borders with Poland, Lithuania, and Latvia, in accordance with which this defense will be carried out by the frontier guards of Belarus together with those of Russia. It will be coordinated from Moscow by the Coordination Council, and, moreover, grants Russian aircraft the right to use the air space of Belarus free of charge, and envisages the cooperation of the frontier guards of the two states in search operations;

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—The Agreement on a single leadership of the customs services. As a result of these two documents, Russia will move its western border over to the Belarusian borders with Poland, Lithuania, and Latvia. In the scientific and educational sphere, agreements were concluded in the field of culture, education, science, and tourism. Yeltsin suggested that Lukashenka carried out a long-term preparation and study trips of Belarusian scientists in Russia—and this, as known, is one of the methods of potential influence of large states on small ones. Furthermore, the questions of constructing two transit gas trunk pipelines from Russia to Europe via Belarus were settled, talks were held at the highest level on the creation of a Belarusian-Russian automobile corporation based at the Minsk automobile plant, and Russia promised to restore the resources appointed in the times of the USSR, which had since been frozen, for the Chernobyl clean-up program in Belarus. And finally about the results of this important visit less fraught for Belarus. The foreign ministers of the two countries Andrey Kozyrev and Uladzimir Syanko drew at tennis. During the visit of the Russian president to the Minsk automobile plant, he was presented with a new MAZ truck. Boris Yeltsin was pleased not only with the preparation for the visit, but with Belarusian cuisine as well; at his own assertion, he did not eat badly here. Well, let it be, provided that this is not detrimental to his organism and Belarusian statehood.

Payments for Gas, Oil Supplies, IMF Credit Viewed

WS0303110295 Minsk BELAPAN in English 1545 GMT 2 Mar 95

[FBIS Transcribed Text] At present Belarus is covering 92.2 percent of payments for the current gas supply from Russia. The Belarusian Government hopes that as a result of the levying of debts for gas from the population it will manage to pay for 100 percent of the supply within the next few days. This was announced by the Vice-Premier Valeriy Kokarew at the February 28 government press conference. According to him, the resources given to the Republic by the International Monetary Fund for these purposes have not yet been used. "Their use could be considered if the Belarusian side drew up a general schedule for the repayment of debts," Mr. Kokarew declared. The Belarusian Government is already working toward this. And, perhaps, the IMF sources for these purposes will be not used at all. As for the oil supply to Belarus, now it is not only paid for in its entirety, but also has been accumulated in reserves. In this regard some companies, in particular Lukoil, proposed reducing prices on petrol for public use by 5 percent and keeping them stable within the next two months.

Size, Motives of Lukashenka's Security Service Questioned

954F1373A Moscow IZVESTIYA in Russian 15 Feb 95 pp 1, 4

[Article by Aleksandr Starikevich: "The Bodyguards of President Lukashenka Are Mastering the Techniques of the Russian Special Services"]

[FBIS Translated Text] The Russian example was always especially contagious for Belarusian leaders. But the experience of neighbors is by no means always considered. Often the mistakes of others are not only repeated, they are even made worse. The situation with the presidential guard in Belarus is another confirmation of this.

Security Above All

The story of protecting Aleksandr Lukashenka against criminal attack is as follows. When he was a candidate for the presidency his security was provided by OMON [special purpose militia detachment] and airborne personnel, both former and active-duty members. They protected Lukashenka through the entire election campaign, but at the only critical moment, strange as it may seem, none of his bodyguards were near the future head of state. It appeared, however, that the person who shot at the Mercedes in which Lukashenka was riding wanted to miss, not hit him. Successfully surviving this "assassination attempt," Aleksandr Lukashenka took the president's seat and received state protection.

It seemed that this ended the problem. But time after time at press conferences representatives of the executive branch would announce that Lukashenka's enemies were preparing the physical destruction of the president. Usually this kind of information is not disseminated to the broad public because if plans to assassinate highly placed persons truly exist, the competent organs are in no hurry to make it public, so as not to hinder the investigation. The willingness with which the presidential bureaucrats shared information on such a delicate subject (avoiding any details, it is true) is evidence that the leak was needed to artificially inflame the situation for some very definite purposes. That is how it came out: As the result of the universal anxiety about the problem of protecting the life of Aleksandr Lukashenka his guard received the status of an independent subunit with more than enough personnel. Whereas previously the safety of highly placed persons in the republic was ensured by a KGB guard administration of 50 persons, the president's guard service has a roster of more than 300. At the same time Vyacheslav Korolev, chief of the service, stated in a January interview with INTERFAX that there have been no assassination attempts against the head of state in recent times.

No one disputes the president's right to have his own guard service. But the very first steps of this subunit are beginning to arouse doubt about the real purposes of forming it. One of the bodyguards hit a press photographer right in the halls of parliament. Commenting on this, Korolev stated that the SVOBODA correspondent was "constantly photographing the president in unfavorable poses," and in general, is not a good photographer.

It would be possible to survive the fact that the president's guards have bad manners. But this does not exhaust the problem. It is no secret that when forming any structure, questions of personnel selection are decided depending on the tasks facing it. In other words,

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certain people are recruited for certain tasks. The main principle in forming the guard service was personal dedication to its leaders. Moreover, combat experience is an essential condition for entry into the service. Competence and professionalism have been made secondary. Vyacheslav Korolev himself formerly headed the state security department for the city of Borisov and had about 10 people under him. Today he commands what is in fact a reduced copy of the KGB with an curious technical foundation. In addition to everything else, the presidential guard will be equipped with armored personnel carriers and infantry vehicles. Korolev was followed in the service by his fellow servicemen from Uzbekistan. Tashkent experience is valuable, of course, especially if you recall that, after his recent visit to the East, Aleksandr Lukashenka described Uzbekistan as a virtual oasis of democracy.

Discussing the personal and professional traits of each member of the service is not this newspaper's task. But one example is still worth citing. Makhmud Dashkuyev, a Chechen by nationality, was appointed chief of the department for combating terrorism of the presidential guard. He worked previously in the Russian FCS [Federal Counterintelligence Service], and then moved to Grodno where he served in the militia. His biography includes this fact: During the October 1993 events he was a guard for Ruslan Khasbulatov. In narrow circles Dashkuyev is recommended not just as a former member of the guard of the speaker of the Russian Supreme Soviet, but also as his cousin.

But this is all just the visible part of the iceberg. The main thing is who needed such a guard service, and for what purpose.

All Power to the Soviets

It is desirable for any head of state to have reliable support in the "power" departments. This is simply a vital necessity for Aleksandr Lukashenka. Therefore, it is completely understandable that in the summer of 1994 his first personnel changes were made in this very area. Uladzimir Yahoraw became chairman of the KGB, Yuryy Zakharenka, minister of internal affairs, and Anatol Kastenka, minister of defense. They were all fairly prominent men in the republic at that time. Viktor Sheyman, state secretary of the Security Council, was unlike them in this respect. He was a new figure in the Belarusian leadership and unfamiliar to the broad masses. But today he is gradually concentrating the control levers of the power structures in his own hands. The priority task of the Security Council is formulated in an interesting manner: determining priorities among the vitally important interests of the individual, society, and the state; and identifying internal and external threats to security objects.

Each working morning for the Belarusian president begins with a meeting with the head of the Security Council apparat. Sheyman reports on the situation in the republic, after which current problems are discussed. Lukashenka trusts his comrade very highly: The state secretary is one of the two people in the court milieu who is closest to the head of state.

There is not that much to say about Sheyman. He was a military officer who served in Afghanistan. He worked as secretary of a commission in the Supreme Soviet. He was not especially active at sessions of parliament, and held himself even more in the shadows during events in the street. Sheyman was present at the origin of the BZV, the nationally oriented democratic army organization. But he abandoned it quite quickly for reasons known only to himself.

Joining Lukashenka's team during the election campaign, at first Sheyman had a secondary role, then after victory he became head of the Security Council. After that Sheyman completely disappeared from the field of view of the public in general and journalists in particular. There are many explanations for this, but the following version is perhaps closest to the truth. By assuming such a high post, Sheyman did not hop up a step or two, but rather leaped up several flights all at once. It is very difficult to find yourself in a high place under these conditions; at a minimum, therefore, you have to avoid mistakes. To be constantly in view is not the best option in this case.

Sheyman faced the same problem as Lukashenka. He did not have his own team to rely on in the first stage. Leaders who find themselves in such a situation very often become puppets of others. Naturally, such a lot did not suit Sheyman. The secretary of the Security Council went his own way. He distanced himself from the most influential structures and people. First of all from the KGB, which potentially represented the greatest danger for Sheyman from this point of view. One of the groups within the committee rendered major support to Aleksandr Lukashenka in the election campaign and was counting on solid dividends. The experience and qualifications of the state security leaders were also far superior to Sheyman's. Then the secretary made use of a well-known technique: He recruited several middle-level employees from the power departments and began to form the Security Council together with them. Not all the people enlisted by Sheyman fit. But there are some who match the goals and tasks of the head of the Council completely.

A branch of the FCS could be opened in Sheyman's department. The state secretary's right-hand man is Sergey Kontsevenka, chief specialist at the Security Council. He has an interesting biography. In the first years of perestroyka Kontsevenka was chief of the city state security committee in the city of Lida. From this position he made the quite unexpected move to chief of the Nagornyy Karabakh department at the USSR KGB, then he joined the Russian FCS. He held a fairly high post there, and suddenly at the start of last year he returned to Belarus (without turning over his Moscow apartment, it is true). Gennadiy Lavitskiy, who was chief

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of the KGB at that time, categorically refused to take him into his apparat. Kontsevenka spent six months teaching at the Institute of National Security (the former higher courses of the KGB), then he was recruited by Sheyman. Within the KGB, Yegorov's deputy Ivan Yurkin is closest to the Sheyman-Kontsevenka pair. Yurkin also has experience working at the FCS and, according to Moscow sources, his spouse is working there to this day. When the above-mentioned Dashkuyev hurriedly left Russia and appeared in Minsk after the October 1993 events, it was Yurkin who petitioned Eduard Shirkovskiy, chairman of the Belarusian KGB at that time, to take him on for work. But the state security chief did not heed the patronage; on the contrary, according to some reports, he recommended that Dashkuyev leave the republic to avoid unpleasantness. A little more than a year later Makhmud turned up in the presidential guard all the same.

Cadres Decide Everything

Having assembled his team, Sheyman began putting the power departments under control. The tactic he chose was the simplest one: All problems are decided by placement of his own people in key positions. The Statute on the Security Council, ratified by Aleksandr Lukashenka on 5 August 1994, envisions preliminary discussion of candidates for executive positions in the ministries and departments on whom the effectiveness of measures to ensure the security of the Republic of Belarus depends. In practice this turned into a simple personnel dictatorship. Just this one instance tells a great deal: At a session of the KGB collegium the question of the chief of the Minsk state security directorate is under discussion. Aleksandr Snip, chief of T department (fight against terrorism) in the central apparat, is recommended for this position. Suddenly Lukashenka and Sheyman appear at the collegium with their protege, who naturally receives the new appointment, despite the protests of the leaders of the special service.

Today the following appointments are made only with the consent of the Security Council: in the militia—all executives, from the deputy chief of the oblast internal affairs administration up; in the army, from the chief of a directorate of the Ministry of Defense; in the KGB—from the chief of an oblast administration; in the border troops, from the commander of a border detachment; in the customs service—from the chief of an administration. The Council also exercises an active influence on the process of shaping the president's vertical lines of power. Concrete actions follow the placement of personnel. Thus, the Security Council buried the plan prepared by the Ministry of Defense for reforming the Belarusian Army. An interdepartmental commission was formed to develop a new one. It was headed by Academician Yevgeniy Babosov, a civilian through and through.

The Ministry of Internal Affairs and the Army are fully loyal to the president's administration, although this does not mean that they are ready to carry out any order, even if it is unlawful. But their capabilities involve mainly the use of physical force in case of necessity. The situation with the KGB is more complex. State security is valuable first of all for its information potential, not fighting potential. It is for this reason that the personnel shuffle in the KGB is being done with special care. They are not proving able to put the committee under full control. At the last state security collegium Aleksandr Lukashenka stated "I did not and do not trust the central KGB apparat." The KGB was blamed for poor work in defending "constitutional order," which means the president and those around him. Organizational changes followed quickly. Last week a presidential edict removed the heads of the administrations of intelligence and counterintelligence and appointed a new chief of the subdivision for the defense of the constitutional system. We have to think that things will not end here.

The Dangerous Claims of the Security Council

But nothing is left for parliamentary choice. Therefore an independent guard service ready to perform any order is being hurriedly formed. Lukashenka himself stated that he was familiar with parliamentarian Sergey Antonchik's report on corruption in the president's entourage before the oppositionist spoke at the session. The deputy obviously did not send the text of the report to the head of state on his own. Therefore, it was obtained by the "boys from the special services" (Aleksandr Lukashenka's expression—A.S.) illegally.

"When the Supreme Soviet adopted the law on search and operations activities, the president's guard service did not yet exist," parliamentary deputy Gennadiy Lavitskiy, former chairman of the KGB of Belarus, told an IZVESTIYA reporter. "Therefore it is not a subject of this law and cannot engage in search and operations activities [ORD]. But a guard that does not carry on operations is suited for nothing but defending the president against excessive expressions of love, for example, from the weaker sex. Therefore the presidential guard service simply cannot help but already be engaged in ORD today, and that conflicts with the existing law."

But as the IZVESTIYA reporter was able to clarify, Aleksandr Lukashenka himself gave the presidential guard the right to engage in ORD. How lawful his decision is must be assessed by the Supreme Soviet.

The precedent of establishing a "pocket special service" already exists in recent Belarusian history. During the government of Vyacheslav Kebich an OSAM (detached service for active measures) was formed in the border troops. Its activities were unsuccessful owing to its low professional level, and it was later investigated by a presidential commission. As we see, the lesson was not lost. The appetites of the Security Council are growing: Parallel with formation of the guard service, it subordinated the center for information security (it formerly existed at the Ministry of Defense) to itself. Very conveniently Lukashenka's predecessors bought modern special-purpose equipment for him, for example a device

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which allows people to listen to telephone conversations without connecting to the telephone wire. Just what they need. Incidentally, the atmosphere of psychosis and mutual suspicion has afflicted the president's administration most of all. Almost from the first day they began talking in whispers and glancing around. Now they prefer to remain completely silent. According to information from unofficial sources, the Security Council intends to take the Alfa group away from the KGB in the near future and make it subordinate to itself.

Sad as it is, the new society which Aleksandr Lukashenka is building today is taking on the features of a police state. The president's desire to keep power for at least five years is understandable. But will the price be too high?

Court Examines Decree Demoting Kozlovskiy

LD0203200595 Moscow INTERFAX in English 1657 GMT 2 Mar 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] A court examination on legitimacy of the decree of President Alyaksandr Lukashenka who reduced in rank Belarus' Defense Minister Colonel General Pavel Kozlovskiy to Lieutenant General has started in Minsk.

According to deputy head of the presidential administration Vasiliy Dolgalyov and employee of the presidential apparatus Vladimir Bondarenko who were present in the court as the president's official representatives, "materials of the verification carried out by the presidential control service" were the major reasons of this decree.

These material say that the ex-minister "has allegedly used his official post for the wedding of his son Andrey and daughter of the present parliament speaker Yelena Grib on June 11-12, 1994 having inflicted a great damage to the state."

Kozlovskiy managed to force a prosecutor investigation which made an official conclusion that there were no violations in Kozlovskiy's actions. This resolution of the prosecutor's office was one of the major arguments presented by Kozlovskiy in the course of the court examination. He wants the court to recognize that Lukashenka has exceeded his authorities and to recognize the presidential decree on his demoting as invalid.

Kozlovskiy believes that the term of the disciplinary charmer of the Belarusan army, in accordance with which demoting cannot be applied to generals but only to officers, is another argument in his favor.

In the course of the morning sitting the petition of the presidential representatives to close the case due to violation in the procedure of address to the court, which was allegedly made by the plaintiff, was declined.

Moldova

Snegur: Ties With Romania 'Strengthening'

AU0303115395 Chisinau BASAPRESS in English 1930 GMT 1 Mar 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 1/3/1995—Moldovan President Mircea Snegur said about the recent visit to Chisinau by the Romanian governmental delegation headed by Premier Vacaroiu that it is "the most serious summary of collaboration between our countries from the moment of proclamation of Moldovan's independence." Snegur stated to Russian-language newspaper NEZAVISIMAYA MOLDOVA that "things are going on all right, ties are strengthening and the last doubts about Romania's possible plans of great power toward Moldova were eliminated. Here and in Romania there are forces which are suited by permanently stirring waters causing dissatisfaction among people in the face of the real and invented problems. The position of both presidents consists of not falling into one of these extremes achieving the largest economic and cultural integration; also of maintaining the equilibrium in the relations between our countries that rightfully consider themselves sisters," said President Snegur. Asked by NEZAVISIMAYA MOLDOVA if this year will be a year when the Dniester conflict will be solved, Snegur said that he is optimistic on this issue adding that "after each meeting with the Dniester leaders common points of view come into sight. With all our poverty, inhabitants from the Dniester's left bank have reasons to envy those from the right bank: The store shelves are not empty here and if there is at least one leu in the pocket then this is money. Ordinary people are the ones who have the decisive word," said President Snegur.

Interior Ministry Issues New Passports

AU0303113395 Chisinau BASAPRESS in English 1930 GMT 1 Mar 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 1/3/1995—A computer centre for distributing new passports was opened today in Chisinau. Beginning today, Moldovan citizens can obtain new passports which substitute the old Soviet ID's. Constantin Antoci, interior minister, told BASA that the new passports correspond with international standard and have a metal strip which can be identified by a computer. Antoci specified that the old passports will be valid until January 1, 1997. Other computer centres will be opened in the nearest future which will issue 500 new passports daily. According to Antoci, these centres will also issue driving licenses. Databases on criminal situation in Moldova will be created at the centres. Antoci mentioned that the embassies accredited in Chisinau were notified about the introduction of new passports. Chiril Panteleyev of the Interior Ministry said to BASA that the initial price of

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one passport will be 110-120 lei, the final price will be set by the Finance Ministry. The new type of passports was issued today to several Moldovan personalities, among them: Gheorghe Gusac, state minister and head of the Governmental Commission for Introduction of New Passports; and singer Nadejda Cepraga. The first passports of the new type were issued a year ago to President Mircea Snegur, Premier Andrei Sangheli and Speaker Petru Lucinschi.

Communist Party To Run in Elections 'Independently'

AU0303112595 Chisinau BASAPRESS in English 1930 GMT 1 Mar 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 1/3/1995—The communists will participate in local elections independently, albeit they think the local elections law violates two constitutional articles. Vladimir Voronin, Moldovan Communist Party (PCM) chairman, made public this statement today at a press conference. He said that the PCM's principal thesis during the April 16 local elections is "to clothe and feed people, to preserve their physical and moral health." Voronin said that the PCM fulfill their promises, "which would pass the burden of reforms to the state organs and well-to-do classes." The PCM also favours disclosure of incomes to "stop robbery of the state by making laborers control privatization." Voronin also said that he sent Dniester communists a letter urging to merge the two parties. The merger, he said, would "restore territorial integrity," an objective included in the PCM electoral platform. "This does not mean that the current leadership is not capable of solving the Dniester dispute. Only those who were involved in warfare cannot contribute to its settlement," said Voronin. An announcement was made at the recent social-democrats' congress about the emergence of a new leftist party headed by Eugen Sobor. Referring to this announcement and the prospective for a leftist electoral bloc, Voronin said that he is familiar only with what the newspaper TARA reported. According to the newspaper, "Speaker Petru Lucinschi is behind this party. If this party will be led by those who brought us to August 1991, then it is doomed to failure," said Voronin.

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Kazakhstan

Gazprom, Foreign Companies Sign Oil Development Agreement

LD0203193195 Moscow INTERFAX in English 1639 GMT 2 Mar 95

[FBIS Transcribed Text] ALMATY, Mar 2 (PIA-Interfax)—The Kazakh government, the state holding company Kazakhgaz, the Russian joint-stock company Gazprom and the British-Italian alliance British Gas-Agip signed in Almaty Thursday an interim agreement on division of products during the development of one of the world's largest Karachaganak oil and gas condensate deposits in south-western Kazakhstan.

The agreement, which will cover the initial stage of the deposit development, envisages investments estimated at around $320 million. Over this period, the output of liquid hydrocarbons at the deposit will amount to 4-4.5 million tonnes of oil and up to 4 billion cubic meters of gas annually.

While the interim agreement is in effect, the parties concerned intend to finalize the coordination of processing and transporting of the raw products and prepare before the end of 1995 a long-term agreement on output sharing after the complete development of the deposit.

The Karachaganak deposit will be developed within 40 years. The parties' profit from the deposit development will amount to $40 billion, 85% of which will go to Kazakhstan and 15% to contractors. Among the contractors—Gazprom, British Gas and Agip—the profit will be divided 15%, 42.5% and 42.5% correspondingly.

The Karachaganak deposit was discovered in 1979 on the territory of the Urals area of Kazakhstan on the border with Russia. Recoverable reserves of free gas at the deposit amount to over 1.3 trillion cubic meters, of condensate - over 1.2 billion tonnes, of oil—around 340 million tonnes, of dissolved gas—240 billion cubic meters. Before 1992 Gazprom invested in the deposit 4.5 billion rubles at 1991 prices, or 800 billion rubles at 1993 prices.

In 1992 the British Gas-Agip alliance won an international contest and received the exclusive right to hold talks and sign with the Kazakh Government an agreement on the development of the Karachaganak deposit. In 1993-94 Gazprom was holding talks with the alliance and the Kazakh side on returning the right to take part in the deposit development.

In 1994 Gazprom and the Kazakh Oil and Gas Ministry signed an agreement on joint development of the Karachaganak oil and gas condensate deposit. The agreement envisaged Gazprom's participation, equally with British Gas-Agip, in the development of Karachaganak, the transfer by the alliance to Gazprom of part of the rights and obligations of the contractor, supplies of raw gas and condensate from the deposit to be processed in Russia and the return of the purified gas to central and north-western areas of Kazakhstan for gasification.

In February 1995 Russia and Kazakhstan signed an inter-governmental agreement on the Russian participation in the development of the Karachaganak deposit.

Prime Minister Says 'Historic' Gas Deal Signed

LD0303006495 Almaty Kazakh Radio Network in Russian 0400 GMT 3 Mar 95

[FBIS Translated Text] The government of our republic and the oil companies Agip of Italy, British Gas, the Russian Gazprom joint-stock company and the Kazakhgaz holding company signed an agreement in Almaty yesterday on principles for the division of the output from the Karachaganak gas-condensate deposit, and other attendant documents.

Opening the meeting, Prime Minister Akezhan Qazhygeldin emphasized that it was indeed of historic importance for the four states taking part in the development of one of the world's biggest hydrocarbon deposits. The documents, which were agreed in difficult negotiations, give the parties the legal right to get down to fruitful teamwork.

The Russian Gazprom's participation in the project will promote long-term agreements on refining and on transportation of Kazakhstan's oil and gas to European countries.

Defense, Oil Industries Form Alliance

954F1588A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 28 Feb 95 p 2

[Article by Olga Kovalenko, KAZAKHSTANSKAYA PRAVDA: "Interbranch Contacts: Defense and Oil Industries Resolve To Live Amicably: An Alliance Is Emerging That Is Capable of Exerting an Influence on the General Economic Situation"]

[FBIS Translated Text] An event occurred on 16-17 February in Aktay which, despite its rather ordinary designation—republic seminar-conference and exhibit of oil and gas equipment—could become a turning point for two key branches of the economy—the military-industrial complex and the oil and gas industry. "Comrades in misfortune" met here face to face—the managers of industries which the collapse of the united economic space perhaps hit the most painfully.

Originally both oilmen and defense workers were closely integrated in the economy of the Union. Until recently, Kazakhstan did not have similar ministries of its own, and frequently Almaty did not even know what was happening in one or another defense plant or oil and gas production enterprise. In those days, all questions of the oil industry and the defense industry were decided in Moscow. With the fall of the "high and mighty," almost all the partners of both the oilmen and the defense workers ended up on the other side.

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Oil and gas industrial equipment, for example, was produced mainly in plants in Bashkiria, Tataria, Azerbaijan, and Ukraine. Today the acquisition of these products is wrapped up in the whole problem associated, in addition to everything else, with convertible currency, the transmission of payments, and the payment of duties. In the industries of Mangistau Oblast alone today there is a shortage of about 50 drilling rigs, more than 800 pumps for transferring oil, more than 5,000 pumping machine tools, and other equipment. And for the repair of existing equipment Mangistau oilmen require spare parts daily in a sum equivalent to approximately $120 million. Because of the industry's shortage of reliable equipment, pipeline breaks, and breakdowns in equipment, the Mangistaumunaygaz association cannot produce more than 1 million tonnes of oil annually. According to S. Lintsov, chief mechanic of this association, a catastrophic situation has developed with the supply of spare parts.

The situation is no better in the republic's military-industrial complex. The main consumer of its product—the Ministry of Defense of the Russian Federation—is now trying to place orders at its own Russian enterprises. Moreover, many of the Kazakhstani plants of the military-industrial complex system came under a conversion that "did not take the right path" at one time, as admitted by Kadyr Baykenov, chairman of the Committee for the Defense Industry. In the 1990's, Baykenov said, we did not spot the situation in the market, and we oriented many defense enterprises with a high technical and engineering potential toward the output of consumer commodities. As a result, it turned out that our "conversion consumer goods" were significantly lower in quality than imports, and were frequently higher in price than the imports.

Today, the military-industrial complex is going through a second disintegration stage—the volume of production here fell by half in comparison with 1991. Taking into account the errors of the first wave of conversion, the Committee for the Defense Industry is developing a new program for bringing enterprises out of the crisis on the basis most of all of the internal requirements of the state. One of the directions of this program, in the opinion of Baykenov, who in the past headed the fuel-energy complex of the republic and knows these problems well from "the inside," could be the production of oil and gas extraction equipment. Moreover, the Committee for the Defense Industry is planning to try to protect a suitable native market with a change in customs duty and tax rates.

The oilmen presented more than 150 articles in an exhibition held within the framework of the seminar—from a set of equipment for oil and gas drilling to spare parts and instruments, for which the industry is experiencing a very acute need. Managers of enterprises of the military-industrial complex, it seems, even with some surprise, found equipment here which in terms of complexity and engineering resolution deserves the attention of the defense establishment. However, the gas and oil extracting equipment that is operating in Kazakhstani industries for the most part is not today's, but yesterday's, or even the day before yesterday's. It is hardly sensible to expend resources on putting these "museum exhibits" into production. Both the defense workers and the oilmen were unanimous in this regard. Indeed, any copy will be worse than the original. But therefore, since Kazakhstani science practically does not engage in the development of such a class of equipment, we will have to acquire licenses for the production of modern mechanisms on the international market.

The government's Committee for the Defense Industry has promised to help the military-industrial complex understand its conditions and organize the production of oil and gas extracting equipment at enterprises. For their part, the managers of defense plants and oil and gas extraction administrations sensed that there was a need for closer cooperation and the creation, in particular, of a financial-industrial group to coordinate joint work. Along with this, the members of the seminar-conference came to an agreement on the production of equipment and spare parts without which it is impossible to operate industries today. The first protocols on intentions and agreements were signed during the course of the conference. The main conclusion drawn by those specialists who came to Aktau was perhaps most pithily formulated by Nasipkali Marabayev, general director of the Mangistaumunaygaz association: "It is unlikely that we will be able to get out of the current situation without the defense workers, and indeed they cannot manage without us. This kind of meeting should have been organized two years ago. Then neither we nor the military-industrial complex would have today's problems. But better late than never."

Time will tell how fruitful the alliance of the "military-industrial complex and the oilmen" will be. One thing is unquestionable: Progress in these two branches could have a positive effect on the whole economy of the republic. This is understood today by the managers of enterprises of the oil and gas and defense complexes.

Transfer of Assets Suspended to Caspian Consortium

LD0203181495 Moscow INTERFAX in English 1437 GMT 2 Mar 95

[FBIS Transcribed Text] ALMATY, Mar 2 (PIA [Petroleum Information Agency] Interfax)—Kazakhstan has suspended transfer of assets to the Caspian Pipeline Consortium (CPC), which can "slow down this major oil project indefinitely." This was reported to the Petroleum Information Agency by a confidential source in the management of the CPC, formed by Russia, Kazakhstan, and Oman.

Under earlier plans, following Moscow's transfer to CPC of a section of the oil pipelines, crossing southern Russia and Kalmykia, Almaty was to make available to the

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consortium the oil pipelines and transportation infrastructure around the Tengiz deposits. The CPC Board of Directors put the value of this property at $250 million.

In keeping with the Caspian oil project, Kazakhstan was to decide on its assets transfer by March 1, 1995. However, as PIA learned from Kazakh government sources, at an informal gathering, attended by Premier Akezhan Qazhygeldin and Oil Minister Nurlan Balghymbayev, the leadership decided to suspend the transfer of assets "because of the need for consultations with international financial bodies."

According to a source in the CPC Board of Directors, the decision "puts President Nazarbayev in an awkward position" on the threshold of a meeting in Moscow on March 10 with Russia's Premier Viktor Chernomyrdin and Oman's First Deputy Premier Qays al-Zawawi. CPC experts expect the three leaders to discuss ways of funding the Caspian oil project. The project will enable annual export from Kazakhstan to Russia's Black Sea terminals of up to 70 million tonnes of oil.

Caspian Seen as Threat to Energy Combine

95WN0106A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 1 Mar 95 p 2

[Article by Olga Kovalenko, KAZAKHSTANSKAYA PRAVDA: "Delay Could Mean Disaster. The Peninsula of Treasures Is Going Under Water. In 1995 Enterprises of Mangistau Oblast Will Need About a Half Million Tenge for Protection From the Caspian"]

[FBIS Translated Text] **Shutting down all the facilities of the Mangistau energy combine and cutting off the supply of electric energy, heat, and water to the residential zone of Aktau and to the industrial enterprises—all this, according to the predictions of specialists, could happen in the near future. And we know the source of these potential disasters—the Caspian Sea.**

At a meeting of the oblast commission on emergency situations held in Mangistau it was noted that the sharp drop in the level of the Caspian aggravated the already serious situation at a number of industrial enterprises of the oblast. A critical situation was created at the water development projects of the energy combine—today the level of the water exceeds the planned level by a whole quarter of a meter. Now, according to the commission's information, water collection canals are being rapidly destroyed—their channels are being filled with silt. At one time the energy combine developed measures for protection from flooding by the Caspian's waters. But the first stage of this work, which was planned for completion back in 1993, was completely halted. The reason was that the combine did not have the necessary funds. Now the energy combine needs more than 90 million tenge for protective measures in 1995 alone.

Mangistau petroleum workers have also tried to fight the rising sea. In two years they built a protective embankment at the Kalamkas fields. But it is being destroyed—the wind-driven waves are washing the earth away from the body of the structure. And during the storm last October on a section of more than 10 kilometers the Caspian "licked off" about two meters of the embankment. Now it is again necessary to place more than 50,000 cubic meters of rock. At the Karazhanbas oil fields the creation of the embankment has been halted altogether because of a lack of funds. The construction of embankments at these two oil fields, where approximately one-fourth of all Kazakhstan's oil is produced, will cost a total of more than 225 million tenge.

The sea is threatening one more vitally important facility—the Makat-Mangyshlak railroad, which delivers to the peninsula practically all the food products and raw material for the industrial enterprises here. Today the Caspian has come right up to the railroad bed and if the level of the sea rises another 10-15 centimeters, the railroad will be cut off. Protecting the railroad bed from the attack of the sea will take more than 135 million tenge in today's prices.

The Caspian is also attacking the only sea port in the republic, Aktau, whose water and oil pipelines are dangerously close to the sea. About 5,000 square kilometers of pasture is already under water...

"It will be impossible to get by without state support for protection from the Caspian waters," thinks the deputy chairman of the commission for emergencies of Mangistau Oblast, L. Moiseyev. "And at the end of last year the state budget allotted only 6 million tenge for these purposes, even though the government understands the importance of the problem."

The Caspian continued to rise intensively last year. The sea rose especially actively in July and September, when the water level reached the mark of 26 meters below the level of the world ocean. Unless emergency protective measures are taken today, in five years the gloomy predictions of specialists could come true. But the "drowning" Mangistau Oblast cannot cope with this task alone.

Special Village Built for Kazakhs From Iran

LD0303100495 Almaty Kazakh Radio Network in Russian 0400 GMT 3 Mar 95

[FBIS Translated Text] A settlement is being built in Saryagachskiy district of South Kazakhstan region for Kazakhs arriving in their historic homeland from Iran. It will be called Ata Meken. The construction fund for the settlement has been given 1.1 million tenge as well as construction materials. Ata Meken promises to be a very beautiful settlement, with all modern conveniences provided in the Kaplanbek fruit and wine-producing state farm.

Peregrin on Constitution Additions

954F1591A Almaty SOVETY KAZAKHSTANA in Russian 28 Feb 95 p 2

[Interview with Kazakhstan Supreme Council Deputy Aleksandr Peregrin by Gulmira Nurgazinova; place and

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date not given; under the rubric "Parliamentarian's Platform": "Aleksandr Peregrin: 'Any Reform Can Be Implemented on the Basis of the Current Constitution'"]

[FBIS Translated Text] *Born in 1959. Russian. Higher education. Graduated from the Moscow Geological Prospecting Institute. Has been in Kazakhstan since 1982. Worked as a mining engineer-geophysicist in the Kustanay prospecting-surveying expedition. Full-time deputy of the previous term Supreme Soviet, and in the current one—member of the Committee on Judicial and Legal Reform and Human Rights.*

A group of parliament members issued a statement urging a moratorium on changes and additions to the constitution. One of the supporters of this position is Deputy Aleksandr Peregrin, whom we asked to comment on this fact.

"This is a purely political statement," he said, "to which I too subscribe. Undoubtedly, subjects of legislative initiative may at any moment submit to parliament a proposal to amend, or make additions to, the basic law. But even with all its imperfections, this is a document of rather good quality. It does not contain serious restrictions hampering progressive transformations, except for the chapter about judicial proceedings.

"Moreover, the constitution assumes political-economic reforms. Drawing on it, we can also resolve problems of interethnic relations. It is absolutely unnecessary to plunge the parliament into endless squabbles regarding what to call Russian language: leave it as a language of international communication or make it a state language. There are enough legal guarantees for the existence of the Russian language in Kazakhstan. I think deputies must concentrate on more concrete questions."

[Nurgazinova] Since we are on the topic of language, how did you answer the question of the straw vote, and why?

[Peregrin] Positively. I am for bilinguality, for private ownership of land, and I think we need to decide who the state Kazakhstan belongs to: all the people, or only ethnic Kazakhs.

As I said, there are enough very clear legal mechanisms for the Russian language, capable of protecting it from being supplanted or the sphere of its application reduced, just as there are enough mechanisms to protect citizens from discrimination on the grounds of not speaking the state language. It is another matter that these guarantees are not enforced. But calling Russian the state language will change nothing. At best, the guarantees will remain the same. If the authorities violate the law today, how can we be certain that this will not happen after we attach a new label to Russian. There is no doubt that this question will not be resolved in our parliament.

Let us clearly formulate the questions: We need to remove interethnic tension. But is it only a question of language? To what extent is this a question of language? I am certain that these problems will be resolved after implementing local self-rule. If people can decide on the local level which language children should be taught in, and which language should be an additional one; or, for instance, which language to have on signs—this will contribute more to stability than calling Russian the state language.

The same applies to the question of private ownership of land. None of those who are actively debating this issue have defined what they mean when they speak of private ownership of land: to what extent and for what types of land it should be permitted. The law on mortgage has been in existence for several years, which permits mortgaging property rights to land. However, there is still no mortgaging of land rights.

[Nurgazinova] What stands in a way of introducing the institution of mortgaging land?

[Peregrin] Nothing. And neither does the constitution stand in its way. Private ownership is impossible without the right to mortgage land. The president believes it is necessary to put it in effect with respect to land in order to attract foreign investment to Kazakhstan. But the question of guarantees of property rights on land have been resolved by current legislation.

It stipulates that the state can take land away without the consent of the land user only if the court rules that this land is necessary for public needs. At the same time, the injured party by law is given a plot of equal quality, appropriate structures are built on it, and his losses are compensated, including lost profit. Were these guarantees successfully enforced, foreign investors would gladly come here. But if they are not enforced, what difference does it make for an investor whether he loses his land as a land user or a private owner?

Thus, in the form in which the questions of private ownership of land and language are raised, they will only lead to a split in society.

[Nurgazinova] There have been changes in the jurisdiction of the committee on constitutional legislation and human rights, of which you are member. Why?

[Peregrin] It is not quite true that the committee's jurisdiction has changed completely. The range of constitutional issues has been narrowed down and focused on concrete judicial-legal reform. Why did such a need arise? By decision of the president, a representative constitutional commission has been set up. It is its job now to submit to the parliament proposals on changes and additions to the basic law. You would agree that it is improper to change the constitution without consultations with the president—the head of state. So far, however, the commission has not submitted a single document to the parliament.

As in the previous parliament, our committee is among the leaders in the number of letters received from

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citizens, who cite facts of human rights violations. Most deputies in the committee study and investigate such complaints and petitions.

[Nurgazinova] This is the second term that you are involved in human rights problems. Are there many violations in Kazakhstan?

[Peregrin] Very frequently the press, and politicians too, confuse noncompliance with the law with violation of human rights. Unlawful actions of the police or the court are not violations of human rights. But if such actions form a trend and acquire a mass scale, then we can say that. Public human rights organizations, with which our committee maintains contact, play the role of an indicator. They inform us of violations and propose legislative measures.

In particular, a whole score of ethnic, property, and land rights are being violated in our state. But the solution frequently is not to create new legal institutes—it is to comply with existing laws. We have not yet tried to live by them, but perhaps this is what we need. Although the deputies are soon going to consider for the second time the law on timely issuance of wages, which the president has vetoed. I am categorically against adopting this sort of normative document. Nevertheless, I will vote for it, because I acknowledge that this last-resort measure at least in an illusory way will provide protection of citizens' labor rights. The law will enable us to bring violators to answer.

[Nurgazinova] As is known, there is a Supreme Council commission on monitoring the activities of arbitration courts. What results can it show for its work?

[Peregrin] It has discovered numerous decrees that not only hamper reforms but also violate the law, which results in the arbitration court issuing contradictory rulings on the same issue by different level judges. And this is happening, among other things, because there is no effective mechanism to bar the guilty from practicing.

[Nurgazinova] The same may be said about deputies. There is no mechanism for their recall.

[Peregrin] What you are asking is for how long a term a deputy may be entrusted with the right to represent his district. For instance, in the United States a senator is elected for six years and, naturally, decisions he makes may run contrary to the momentary interests of his constituents but will bear fruit in several years. This is a strategic organ. Implementing everything they promised to their constituents takes time. The same may be said of the president's activities.

The house of representatives, which is elected for two years, is another matter and represents today's interests of the people. In our case perhaps we should revise the term for which a deputy is elected; another solution is to move to a two-chamber structure. We will answer these questions when we consider draft laws on the Supreme Council, Cabinet of Ministers, and the president.

[Nurgazinova] What do you consider a mistake of economic reform?

[Peregrin] The mistake is that Kazakhstan does not have a strategy of reform. The platform on which the president was elected, his great work on the strategy of reform, is partially obsolete and it is already obvious that by moving in this direction we will reach certain benchmarks with maximum losses. This is why the Supreme Council made a decision to put together a concept of economic reform—not a program, just long-term reference points. We, as a legislative organ, need it in order to know what logic to follow in adopting laws. So that the same thing will not happen as happened with the law on securities, which was adopted, is in effect, but in reality is hampering the development of the securities market. Now we need to adopt a new law, and again we do not know what the main thrust of it should be.

I consider the accord between the president and the Supreme Council a constructive beginning, within the framework of which we can both adopt a concept and issue it with the president's signature as a national rather than state program. In it, we can set a social floor below which we cannot go, and reference points for structural development of the economy. For instance, increase the processing industry's share, downsize material-intensive industry, give priority to power generation development. And most importantly, define stages of development: by which year we want to achieve what. Within the framework of this document we could expand the president's powers without fear that he would abuse them.

[Nurgazinova] Which means removing to a certain extent the confrontation between the executive and representative branches?

[Peregrin] Undoubtedly. In my opinion, it is a mistake to hand over the right to make political decisions to a purely administrative organ under the president's authority—the government. The parliament and the government do not have points of common responsibility other than the budget and implementation of laws. General agreements should be reached between the president and the Supreme Council. The president has distanced himself from the government, but it does not relieve him of political responsibility. On the contrary, he should use his rights to put certain boundaries on the government. For instance, the government officially says that it intends to change the program of reforms—but it is officially signed by the president.

[Nurgazinova] Aleksandr Gennadyevich, why did you, already a one-term deputy, decide to run again?

[Peregrin] There were some unfinished tasks which I doubt anybody can deal with better than me. They revolve around protection of human rights. The main lines I pursue within the boundaries of this global problem are issues of local self-rule, restoration of disrupted economic ties, and formation of transnational

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corporations and financial-industrial groups. Development of a system of views on the process of changing the structures of state authority and local self-rule was started by previous-term deputies. This concept was a year ahead of the similar Zemstvo [district council] movement in Russia. Someone has to see all these undertakings to the end.

[Nurgazinova] How did you manage to gain the trust of your constituents in Kustanay for the second time?

[Peregrin] I guess by concrete work for the district. Despite the fact that it is now written in the constitution that a deputy is a representative of the entire people, this has not pushed my district's problems to the back burner for me. Besides, I place great value on glasnost in the work of Supreme Council.

In my work I try to stick to the election platform both in voting on each specific issue and in participating in parliament affairs. I consider the key point of my program adoption of the law on local self-rule. Its adoption would help expand the scope of local representative power and at the same time would not cause an explosion of separatism.

Our proposals are at the level of a draft law. It will be submitted for the Supreme Council's consideration by Kazakhstan's Legal Development deputy group, of which I am member.

Kyrgyzstan

Akayev Receives Iranian Envoy, Calls For Expanded Ties

LD0103222295 Tehran IRNA in English 2145 GMT 1 Mar 95

[FBIS Transcribed Text] Moscow, Mar. 2, IRNA—Attaching great importance to the role of the Islamic Republic of Iran in the geopolitics of the region, Kyrgyzstan's President Askar Akayev called for expansion of bilateral relations in various fields between Iran and his country.

In a meeting on Wednesday [1 March] in Bishkek with the Iranian Ambassador to Kyrgyzstan Morteza Tavassoli, Akayev underlined the need for further expansion of relations between Iran and his country as well as cooperation between the two countries in the field of the regional developments.

Akayev also expressed hope that during the ECO'S [Economic Cooperation Organization] summit due to be held in Islamabad on March 11-12 and his meeting with Iran's President 'Ali Akbar Hashemi-Rafsanjani, the ground would be prepared for further expansion of Iran-Kyrgyzstan bilateral relations.

Handing over Rafsanjani's invitation letter for Akayev to take part at the inaugural ceremony of the Bandar Abbas-Bafq railway, Tavassoli underlined the great importance of connecting roads and the transportation for promotion of the regional cooperation.

Akayev Edict on Regulating Tax for Agriculture

LD0103142295 Bishkek Kyrgyz Radio First Program Network in Russian 1000 GMT 1 Mar 95

[FBIS Translated Text] Edict by the Kyrgyz president on measures to regulate taxation in agriculture and with a view to regulating the system of taxation of producers of agricultural goods and providing the efficient use of land, in agreement with the proposal by the government of the Kyrgyz Republic, I decree:

1. The rates of land tax for using agricultural lands are to be approved and put into effect from 1 March 1995 in accordance with the proposal.

2. Economic entities which produce agricultural goods are to be exempted from taxes on profits and on using roads and from contributing money to prevent and eliminate states of emergency from 1 March 1995.

3. Twenty-five percent of the funds, received from the land tax for using agricultural lands, are directed to local budgets and channelled to rural committees, exclusively for resolving tasks of the social development of the region, with the other 75 percent being directed to the republican budget, a third of which is to be used for specific purposes and as state financial support for land and agrarian reforms.

4. The Kyrgyz Government is to ensure that producers of agricultural goods are informed of the rates of land tax in good time, within a month prepare a proposal on making amendments and addenda to legislative acts which arise from this decree for subsequent submission to the Kyrgyz Supreme Council, and to bring its decision in line with this decree.

5. Paragraph 19 of the Kyrgyz presidential edict of 22 February 1995 on measures to extend the land and agrarian reforms in the Kyrgyz Republic is to be deemed null and void.

[Signed] President Askar AKAYEV of the Kyrgyz Republic, Government House, Bishkek.

[Issued] 27 February 1995

Tajikistan

UN Assistant Secretary General Leaves Dushanbe

LD0303094995 Moscow ITAR-TASS in English 0940 GMT 3 Mar 95

[FBIS Transcribed Text] Moscow March 3 TASS— U.N. Assistant Secretary-General Aldo Ajello left Dushanbe, the capital of Tajikistan, for Islamabad today morning. He will continue there consultations on an inter-Tajik settlement. The distinguished guest had met leaders of the Tajik Government in Dushanbe.

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The head of the delegation from the Tajik opposition forces, visiting New York at the end of February, objected to the holding in Moscow of negotiations on an inter-Tajik settlement.

Leader Attends Central Asian Aral Sea Meeting

LD0303095995 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 3 Mar 95

[FBIS Translated Text] This morning a government delegation led by the country's president, Emomali Rakhmanov, flew to the Republic of Turkmenistan. The Central Asian leaders are to meet in Tashauz to examine the Aral Sea issue.

It should be mentioned that the Central Asian leaders have discussed this issue several times before. Foreign countries both in the former Soviet Union and elsewhere are to render assistance in eliminating the consequences of the Aral Sea disaster.

We will give you detailed information on the results of the meeting in later bulletins.

Economic Pact With Russia Called 'Breakthrough'

LD0203131595 Moscow ITAR-TASS World Service in Russian 1047 GMT 2 Mar 95

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Translated Text] Dushanbe, 2 Mar—Tajik Prime Minister Dzhamshed Karimov described a Russian-Tajik agreement on economic cooperation and developing integration ties as an important breakthrough in the relations with Russia and primarily in creating the common market. He said this in an exclusive interview with ITAR-TASS when commenting on results of the Russian-Tajik summit talks in Moscow.

Opposition Leader's Id al-Fitr Speech

LD0203151395

[FBIS Editorial Report] (Clandestine) Voice of Free Tajikistan in Tajik at 0410 GMT on 2 March carries a live broadcast of the speech by Sayed Abdullo Nuri, leader of the opposition Islamic Movement of Tajikistan, to mark the Id al-Fitr festival celebrating the end of Ramadan. In his speech Nuri says, among other things:

"We do not want Tajik children to be captured any more. We do not want Tajik children to be killed any more. For what? For those who seek high office, for those xenophobes to consolidate their position and office.

"That is why we agree to solve the problems through talks and political solutions. But during these three rounds of talks we saw that neither the Russian side nor the Dushanbe regime fulfilled anything contained in the program which was agreed by the delegation at negotiations in Moscow. And so far there has not been a single consultation, not a single negotiation about saving the people of Tajikistan from these tragedies. No one from the regime or from international organizations has taken it on themselves to take a single step to repatriate the refugees to their homes and to secure their rights and safety so that they can work in their old jobs and live in their own homes and enjoy protection.

"And the result of these talks is that during the cease-fire period both the Russian border guards and the regime acted contrary to the terms of the cease-fire agreement. One can say that they were treacherous; they sent government forces to a region which was under mojahedin control. Today the concentration of government forces in Kalaykhumb is evidence that neither the UN observers, nor Russia itself, nor the Dushanbe regime will give any credence to this peace, to these talks, or to these negotiations.

"That is why although we hate the word war, the jihad which we are engaged in is so that the Dushanbe regime, the Russians, and the international organizations respect the rights of one million citizens of Tajikistan who have certain rights in Tajikistan. In short, in light of our experience of the recent past, it is only possible to grant these rights, to achieve the objectives, and return these people to their homes and homeland by means of jihad.

"The leaders of the regime and their masters will only agree to grant some rights to these long-suffering people when they see their own interests in danger and when they see that a force is destabilizing their position."

Nuri goes on to say: "That is why I openly say that our holy jihad is for the restoration of our lost rights. Our holy jihad is for the creation of a structure within which people can attain their wishes and goals.

"We are against those who divide people into groups, divide the people of Tajikistan into ethnic groups, languages, and nations. During these three years they have not taken any serious steps for the refugees and for the people who are abroad. That is why we continue our struggle.

"And thank God, in these three years of exile we have gained experience of war, gained military knowledge, and collected a large amount of arms and ammunition. Our mojahedin have learned important military tactics, and in the battles which took place last year we showed that we could reach the capital in three days if the regime is not assisted. But last year we had no intention of taking the region; we only intended to make those who oppose us realize that we do have the power and that they should agree with our just proposals. Our mojahedin have shown that they have more experience and are more serious about waging war than the opposing side, and they were able to free some regions from the regime's control. They were able to capture a great number of soldiers from the regime's forces."

Concluding his Id al-Fitr speech, Nuri says: "I warn the Dushanbe regime, and I also warn those forces which are

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interfering in the internal affairs of Tajikistan's people and have not opted for neutrality, that if issues are not considered and resolved according to the accord reached in Moscow about the fourth and future [rounds of] talks by political means, then all restraint may be lost. These talks and negotiations which they want to use to take regions out of our hands or to destroy our jihad will be fruitless, as will all of their plots.

"So, for the sake of the salvation of the long-suffering people of Tajikistan, you leaders of the regime, do not look at your position and office, look at the adults, the young people, and the children who have either been killed or captured; look at the people who have not seen money for more than a year; look at the people who some years after your regime came to power have not yet gotten rid of economic difficulties. Look at the people who are scattered all over the world, who are prospectless and unprotected, and who have no country and no homeland.

"Today the regime wants to consolidate itself through certain political actions. They unjustly and undemocratically held a referendum on the Constitution and held presidential elections. What have the long-suffering people of Tajikistan gained from these actions? Emomali Rakhmonov is the same Emomali Rakhmonov that he was before becoming president of the republic, and he still has the same intellect and wisdom and governing ability. Now that he is president of the republic he is still the same old Emomali Rakhmonov. If a man who is not competent to save the republic were to be made a king even, he would not become competent and would not benefit the people.

"They are now they are trying to hold parliamentary elections as if these could solve Tajikistan's problems; as if by these means they will be seen by the world as a state with popular support. But the United Nations knows that the elections and the political campaigns held in Tajikistan are unrealistic and undemocratic, and that is why they did not even send representatives. The Organization for Security and Cooperation in Europe and the EU also declared the campaigns held in Tajikistan undemocratic and unhumanitarian, and refused to take part.

"How long will the self-deceit and deceit of the people continue? I advise you all, after many years [words indistinct] of jihad and struggle which will continue until we find [word indistinct] and return to the homeland. In the end, people will have to be satisfied with the just proposals which have been put forward by the opposition. But then it might be a case of the opposition not agreeing. Therefore, now is the time to think a little for the sake of the people. Think a little, and accept the proposals made by the Tajik opposition.
"These proposals are:
"—the formation of a state council [shora-yi davlati] comprising all the social groups involved;
"—the establishment of a provisional government in the transitional phase;
"—the disarmament of all forces, under the supervision of UN peacekeeping forces;
"—freedom of action for all political parties;
"—freedom of the press;
"—the return of refugees to their places of residence.

"After that, in this transitional phase, when society has calmed down, hostilities have ceased, enmities have disappeared, a sense of trust has developed among the people, a spirit of freedom and security has been created, and no one is threatened because of the way they voted for this or that president or parliamentary deputy, only then will be able to say the elections were free and democratic. Only then will these political developments be in the people's interests.

"That is why it is necessary to end rebelliousness and [word indistinct] ignorance today, on the occasion of Id [al-Fitr], the day of happiness, the day when prayers and obeisance are accepted. Accept that which you are going to accept in several years' time, before the people are made to suffer new adversities. With accord and unity, we should all try to free our long-suffering people from these political, social, economic, and cultural crises."

Account of Fuel Deposits: Development Needed

LD0203151295 Dushanbe NARODNAYA GAZETA in Russian 11 Feb 95 p2

[Unattributed report: "About Oil, Gas and Personnel, Which Determine Everything"]

[FBIS Translated Excerpt] The rehabilitation of the economy, which has been destroyed by war, and the further economic development of the republic is impossible without its own fuel and energy resources, among which oil and gas are of key importance. The need for these raw materials is increasing while only part of the supply is being covered by the country's own natural potential.

The decrease in supplies of liquid and gas hydrocarbons from CIS countries and the multiple increase in prices for them have led to a grave fuel crisis. By the end of 1994 the market price for petrol, for instance, was three or four times the world level. This has caused a major rise in prices for all types of products manufactured here.

Does that actually mean that in the future too, the republic is condemned to complete dependence on prices dictated by the countries that supply it? The answer is no. Investigations show us that the country's sub-surface contains potential hydrocarbon resources in volumes sufficient not only to satisfy domestic needs but possibly allowing for some exports.

This claim is based on the proven industrial oil and gas capacity in the Afghan-Tajik cavity, where a total of 28 oil and gas deposits have been discovered, on a comparison with the neighboring regions of Uzbekistan, Afghanistan, and Turkmenistan and also on quantitative assessments of predicted hydrocarbon resources. Therefore we

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have all the favorable grounds for the successful development of the country's oil and gas industry.

However there are quite a few objective reasons hampering this process. Among them the main reason is the substantial depth of the main long-term oil and gas complexes as well as the complicated sub-surface structure.

The basic oil and gas bearing complex in southwest Tajikistan, as well as on the territory of the whole Afghan-Tajik cavity, are subsalt carbonates of kelofey-Oxford. They are located at a depth of 35 km. The substantial predicted resources in this complex have made it possible to consider the matter of supplying the republic with liquid and gas hydrocarbons resolved in the future. Meanwhile a critical approach toward interpreting the results of the geophysical formation led to the conclusion that the depth of the sub-salt surface even in the most elevated sections cannot be less than 5.5 km. Therefore to open up the carbonate formations to full capacity it is necessary to drill to a depth of six-seven km and to the bottom of the sedimentary rocks—to a depth of eight or even nine km.

It is generally known that prospecting oil and gas deposits at huge depths, especially in regions with a complicated geological structure, is a long process that takes decades. And the Afghan-Tajik cavity in this context is not an exception because it ranks side by side with the most difficult of the world. A large team of geologists has been persistently studying it for almost 30 years. Their efforts bore fruits. A few years ago the republic was on the threshold of opening up a major reserve of hydrocarbons in the south and only the collapse of the Soviet Union prevented this work. [passage omitted]

What is the possible volume of hydrocarbon deposits that we can count on when assessing the economic feasibility of initiating works in the sub-salt Jurassic complex?

At the moment only a rough estimation can be made on the basis of world experience in prospecting great depths and favorable grounds for the oil and gas bearing capacity of Jurassic deposits. And they suggest the possibility of opening here, above all, large deposits of hydrocarbons. If one is to draw an analogy with Gadzhakskiy deposit (in southeast Uzbekistan), the reserves of which in the category A"B"C1"C2 are 42 billion cubic meters, then similar amounts in terms of volume can also be expected in southwest Tajikistan. [passage omitted]

In conclusion we would like to stress once again that in the future the republic, through exploiting its own natural resources, has a real chance of achieving independence by supplying itself at least with gas fuel. But to reach this target extraordinary measures have to be taken for the quick rehabilitation of the infrastructure of the industry. Further delays may result in irreversible occurrences—the complete degradation of the remaining scientific potential with all the subsequent consequences.

Turkmenistan

Niyazov, Iran's Va'ezi Discuss Regional Issues

LD0103212395 Tehran IRNA in English 2105 GMT 1 Mar 95

[FBIS Transcribed Text] Moscow, March 1, IRNA—President Saparmurad Niyazov of Turkmenistan said in Ashgabat Tuesday [28 February] night that Iran and Turkmenistan share the same views on the regional issues.

In a meeting with the visiting Iranian deputy foreign minister for Euro-American affairs, Mahmud Va'ezi, the Turkmen president said that he will visit Iran to attend the inauguration ceremony of Bafq-Bandar Abbas railway.

Va'ezi delivered a message from President 'Ali Akbar Hashemi-Rafsanjani to his Turkmen counterpart.

Niyazov said that implementing the agreements reached already between the two states enjoy satisfactory progress.

The two sides exchanged views on the issues concerning the summit of the Economic Cooperation Organization (ECO) due to be held in Islamabad on March 11-12.

Niyazov said that he would raise bilateral issues with President Rafsanjani on the sideline of the forthcoming ECO summit.

Va'ezi hoped that the summit would be an important step to consolidate regional cooperation.

Iranian official emphasized the need for peaceful settlement of regional disputes and called for an accurate implementation of the ceasefire which was signed in Tehran to establish peace inside and at the frontiers of Tajikistan.

He said that peace and security was prerequisite for economic cooperation in the region.

Israeli Companies To Aid Agriculture

LD0203171095 Ashgabat TURKMENISTAN in Turkmen 21 Feb 95 p 1

[FBIS Translated Text] Ashgabat, 20 Feb (TURKMEN PRESS)—During today's meeting between Turkmen President Saparmurad Turkmenbashy [Niyazov] and Yozef Mayman [name as received], head of the Merhav group of companies, priority areas for developing Turkmen-Israel relations were discussed.

The head of state noted his satisfaction with the company's effective operations in Turkmenistan. He also noted that Israeli technologies have already been used in

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the country's agriculture, especially in vegetable and fodder-crop growing. At the same time Merhav is planning not only to produce but also process products grown on Turkmen soil. Its plans for the near future include the construction in Gyaurs and Ashgabat districts of a dairy farm complex and fruit and vegetable hothouses designed to supply the capital with high-quality vegetable products. The Merhav company also intends to take an active part in implementing the grain program.

Uzbekistan

Karimov Hails 'Valuable' Relations With Iran

LD0203201995 Tehran IRNA in English 1818 GMT 2 Mar 95

[FBIS Transcribed Text] Moscow, March 2, IRNA—Uzbek President Islam Karimov told visiting Deputy Foreign Minister of Iran Mahmud Va'ezi in Tashkent Wednesday [1 March] that the position of the Islamic Republic of Iran towards the situation in Central Asian states was very friendly and valuable. He said Iran plays a big role for regional security.

The visiting Iranian official, meanwhile, handed over a message to Uzbek president from Iran's President Hojjat ol-Eslam Akbar Hashemi-Rafsanjani.

The Uzbek president also offered his felicitations to the leader of the Islamic republic, Grand Ayatollah Seyyed 'Ali Khamene'i, and to the Iranian President Hojjat ol-Eslam Rafsanjani and Uzbekistan looks forward to having brotherly and friendly relations with Iran.

President Karimov added the foundations of relations between Iran and Uzbekistan are based on common elements between the two peoples of Iran and Uzbekistan which date back to thousands of years and which the two nations must strive to preserve.

Va'ezi and Karimov acknowledged the fact of the relations between the two nations having entered a new lease in the wake of regular meetings between their officials which, they said, would be in the interest of peace and security in the region and would promote political and economic relations between the two countries.

The Iranian Foreign Ministry envoy told Karimov that Iran welcomes regular political consultations between the official of the two countries with a view to upgrading the political and economic relations between the two countries.

Meanwhile, in the same meeting, Deputy Prime Minister of Uzbekistan Rustam Yunosov was introduced to Va'ezi as the Uzbek head of the joint economic cooperation commission of Iran and Uzbekistan that is to meet in Tehran early next spring.

Yunosov Discusses Transport Issues

LD0303112995 Tehran IRNA in English 1109 GMT 3 Mar 95

[FBIS Transcribed Text] Moscow, March 3, IRNA—Uzbek deputy premier, Rustam Yunosov said in Tashkent on Thursday [2 March] that Central Asian states may obtain access to high seas through the communication routes in Iran.

The Uzbek official made the remark in a meeting with Iran's deputy foreign minister for Euro-American affairs, Mahmud Va'ezi in Tashkent where the two men reviewed mutual cooperation in various fields particularly in transportation area.

Yunosov, who is the Uzbek head of the Iran-Uzbekistan joint economic cobperation commission, reiterated that putting into operatiomhof Bafq-Bandar-e 'Abbas railway in a near future would be a major event not only for Iran but for the entire region.

Commenting on the improtance of transport in Tehran-Tashkent ties, Va'ezi voiced Iran's readiness to participate in bilateral and multilateral cooperation in this regard.

The two officials also called for formation of a trilateral meeting comprising transport officials of Iran, Uzbekistan and Tajikistan and for holding of a conference on transport issues between Iran and the Commonwealth of Independent States (CIS).

The promotion of economic relations in the fields of banking, trade and investment as well as the establishment of joint companies and chamber of commerce and industries were among other major topics discussed by the two sides.

The two officials also agreed that the first session of the joint economic cooperation commission be held in Tehran soon.

Businessmen Discuss Trade Ties

LD0303101495 Tehran IRNA in English 0940 GMT 3 Mar 95

[FBIS Transcribed Text] Moscow, March 3, IRNA—Iran's deputy foreign minister for Euro-American affairs, Mahmud Va'ezi in a meeting with Iranian businessmen in Tashkent Thursday [2 March] reviewed the prospect of trade ties between Iranian and Uzbekistan as well as the problems facing the Iranian tradesmen.

He underlined that due to cultural bonds shared by the Islamic Republic of Iran and Central Asian states, there were vast grounds for economic and trade cooperation with those republics.

Va'ezi reiterated that the existing transport facilities in Iran and the Commonwealth of Independent States (CIS) have turned them into important trade partners.

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Referring to his talks with Uzbek President Islam Karimov, he noted that bilateral relations have entered a new stage and that the existing problems were expected to ease.

The Iranian deputy foreign minister arrived in Tashkent Wednesday as part of his tour of Central Asian states.

Edict Increases Women's Role in Society

LD0203182295 Tashkent Uzbekistan Television in Uzbek 1300 GMT 2 Mar 95

[FBIS Translated Text] Edict by the President of the Republic of Uzbekistan on measures to increase the role of women in the state and social construction of the Republic of Uzbekistan.

With the aim of broadly attracting women to the solution of questions of social, economic, and cultural development, extending their participation in state and social administration, strengthening the social protection of the family, motherhood and childhood, and also of coordinating the activities of ministries, departments, territorial administration bodies, and social organizations in this sphere:

1. A new post—Deputy prime minister of the Republic of Uzbekistan—is to be established and be responsible for the management of matters connected with the further increase of the role of women in the life of society. It is established that the chairman of the women's committee of the Republic of Uzbekistan is simultaneously deputy prime minister.

2. The Council of Ministers of the Republic of Karakalpakstan, the administrations of regions, cities, and districts are to establish respectively the following posts: Deputy chairman of the Council of Ministers of the Republic of Karakalpakstan and deputy heads of administrations for women's affairs. It is established that the chairman of the respective women's committees are appointed to these positions.

3. In order to implement these tasks working bodies are to be formed in the structure of the Cabinet of Ministers of the Republic of Uzbekistan consisting of four members, in the Council of Ministers of the Republic of Karakalpakstan, administrations of regions and Tashkent consisting of three members, in town administrations consisting of two members, and in district administrations consisting of one member.

4. The Ministry of Finance of the Republic of Uzbekistan is to allocate the necessary money to finance these new posts and working bodies.

5. Prime Minister Abdulkhashim Mutalov of the Republic of Uzbekistan is charged with supervising the implementation of this decree.

Islam Karimov, president of the Republic of Uzbekistan, Tashkent, 2 March 1995.

Edict of the president of the Republic of Uzbekistan appointing Ghulyamova deputy prime minister of the Republic of Uzbekistan.

(Dilbar Ghulyamova), the chairman of the women's committee of the Republic of Uzbekistan, is appointed deputy prime minister of the Republic of Uzbekistan.

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Armenia

President Receives Russia's General Prudnikov

NC0203211995 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 2 Mar 95

[FBIS Translated Text] President Levon Ter-Petrosian on 2 March received Colonel General of Aviation Viktor Prudnikov, commander in chief of the Russian Air Defense Forces and chairman of the committee on CIS affairs, who is on a visit to Armenia.

The press service of the Armenian Republic reported that ways to implement the agreement on joint air defense signed between the CIS countries in Almaty recently and the current state and prospects of improvement of air defense were examined during the meeting.

Armenian Defense Minister Serzh Sargisian; Vagharshak Harutyunian, deputy chief of the CIS Armed Forces Headquarters and the representative of the Armenian Armed Forces; Deputy Commander in Chief of the Russian Air Defense Forces Colonel General Sergey (Katokin); Commander of the Russian Armed Forces in Armenia Aleksandr (Prudyakov); Russian Ambassador to Armenian Andrey Urnov; and other officials also participated in the meeting.

Voskanian Addresses UN Human Rights Commission

NC0203143695 Yerevan SNARK in English 1709 GMT 1 Mar 95

[FBIS Transcribed Text] Geneva, March 1 (SNARK)—Today, Vardan Voskanian, the Armenian Deputy Foreign Minister, appeared at the 51st session hearings of Human Rights Commission. Despite hard social and political conditions, he said, Armenia continues reforms with a purpose of establishing a "strong, reliable, sovereign, democratic state, where governs the law, and flourishes culture and economy."

Vardan Voskanian called international community and all UN member states to join Armenia this year on the occasion of a memorable date, the 80-year Anniversary of Armenian Genocide by Ottoman Turkey.

After the hearings Mr. Voskanian answered the questions of SNARK correspondent in Geneva.

—You are calling international community to join Armenian nation on anniversary of mournful events, that took place in Ottoman Empire, at West Armenian lands. And how does the Government of Armenia intend to celebrate this data?

—At a state level and wide enough, may be wider than during the recent years. We appreciate its vitality, therefore a special organization committee has been established and April 24 has been officially announced a Prayer Day.

—Could you indicate the appearance of any new signs ensuring you that settlement of Karabakh conflict may be successful from the viewpoint of Karabakh population?

—I would prefer a constrained optimism in that issue, though I must observe that, after Budapest meeting, certain positive grounds for settlement had appeared. Truly, the last Moscow meeting turned out futile, since the parties tried to probe each other. However, during the up-coming meeting on Karabakh problem in Stockholm, a more constructive discussion we hope will take place.

—How will the Armenian Government react, if the criticism will intensify in its address, due to violation of human rights and political freedoms, as well as persecution of non-governmental and law-protecting organizations, took place?

—We do not think that these violations have really taken place. Judgement on this account may be drawn only after accurate investigation.

—Impression is created that the United States intend to play a more important role in Armenian affairs. What could that interest mean?

—I wouldn't say, that the United States wants to play a more important role in Armenian internal affairs. They reveal interest in resolution of certain situations in the region, and affect in positive sense by trying to attain a balanced situation. The U.S. is engaged in this activity already two years, and I think they currently play a constructive role.

Ethnic Union Adopts 'Petition' to President, Parliament

NC0203203595 Yerevan SNARK in English 1520 GMT 2 Mar 95

[FBIS Transcribed Text] Yerevan, March 2 (SNARK)—At today's session of the Armenian Ethnic [Nationalities] Union-incorporating 11 organizations of national minorities functioning presently in Armenia—a Petition to President and Parliament has been adopted. The document reads, in particular: "The approaching date of elections to the supreme legislative authority of the Armenian Republic, as well as adoption of Election Law, touches the interests not only of indigenous population, but also of other national communities residing in Armenia".

Petition authors—the leaders of communities—with reference to Convention on Rights of National Minorities, signed by Armenia among others, think it necessary to include in the Election Law an issue "on a mechanism that would provide protection of the national minorities' interests and their participation in the Armenian Parliament activity". This should have "a positive effect on construction of democratic state", says the Petition.

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Also, think the ethnic leaders, "such an important law—that affects the interests of every citizen in Armenia—has to be initially presented for public discussion".

Preparations for Karabakh Parliament Elections Underway

954F1573A Yerevan RESPUBLIKA ARMENIYA in Russian 25 Feb 95 p 1

[Unattributed report: "The New Parliament Will Be a Full-Time Body"]

[FBIS Translated Text] Unlike the current Supreme Council, the parliament of the Nagorno-Karabakh Republic [NKR] will be a full-time body. A SNARK correspondent learned this from NKR Supreme Council Secretary Vladik Akopyan.

Preparations have currently begun in the republic for parliamentary elections, which are tentatively set for the end of April of this year. Deputies from 33 districts will be elected to the NKR legislative body.

It is noteworthy, said Akopyan, that the upcoming elections will be the first held under the state structures of the independent Nagorno-Karabakh Republic, which have been functioning for three and a half years already.

Karabakh Foreign Minister Interviewed

954F1571A Yerevan RESPUBLIKA ARMENIYA in Russian 24 Feb 95 p 2

[Interview with Arkadiy Gukasyan, Nagorno-Karabakh Republic foreign affairs minister, by Alvard Barkhudaryan: "Now We Have Something to Lose"]

[FBIS Translated Text] **Nagorno-Karabakh Republic Minister Foreign Affairs Arkadiy Gukasyan is usually in his office until late in the evening—routine work, reception of delegations, visitors, documents, mail. In spite of his heavy schedule, we managed to meet with him toward the end of his work day. The minister admitted that it is harder to work during peacetime than during war, when you spend a large part of the day at staff headquarters and each minute the changing situation requires decisions to be made at lightning speed.**

It is not peace, and it is not war. It is in between. That unstable balance of the truce. There are all the same difficult attempts to find peace and all the same questions.

Local conflicts in the Caucasus, the Bosnian crisis, the Russo- Chechen war. These are links in the bloody chain of recent history in which Karabakh is the first. Now that the genie has been let out of the bottle, will a peacetime community be able to halt the process of disintegration? What lessons are we learning from everything that is happening around us, Armenians? Are we proceeding toward peace or, as some think, has World War III already started?

[Gukasyan] Anything could happen, everything is so unpredictable. Naturally, we are attentively following what is happening in the world, we are analyzing events, and we are trying to see the patterns in the development of conflicts. We are speaking primarily about processes in post-Soviet states, the conflicts in Abkhazia and Chechnya. One must admit that the world community is defending not the interests of the peoples but the interests of the states, and in this sense the principle of integrity of borders is logical. It is easier for Azerbaijan, this principle suits it, but we have to break down stereotypes, at the same time admitting that it is the worst thing for the world community—this precedent. We see what is happening in Chechnya. And yet quite recently it seemed to us that Chechnya was proceeding ahead of schedule. Today it has ended up in the position of Nagorno-Karabakh in 1988, when we had to take the first blows of the times of perestroyka—garrison command units, passport control, the Azerbaijan-Russian special-purpose militia detachments. I have always thought that it is a bad thing to be a pioneer—I have in mind the Karabakh movement. But, you know, I think that it might be good that we were the first at the time, for after all we now have a different level of "experiments" in big-time politics. Today Karabakh seems secondary, and at least it is clear to us that the world community is more engaged in regulation of conflicts in Bosnia, Abkhazia, and Chechnya than in Nagorno-Karabakh. The Serbs and Abkhazians are close to acquiring a status. The solution to the Karabakh problem will depend to a large degree on the resolution of the conflicts in Bosnia and Abkhazia.

[Barkhudaryan] The international community sees the solution in the deployment of disengagement forces. The experience in Yugoslavia, however, does not show any results from these efforts. Is this not why the process of deployment of peace-keeping forces in Karabakh is taking so long?

[Gukasyan] There is an awareness of that. Disengagement forces, of course, are no 100 percent guarantee of peace, but they provide a certain deterrent. If troops had not been brought into Yugoslavia, the military confrontation there could have been more devastating. We are not the ones holding up the process of introducing international forces into the zone of the Karabakh conflict—the intermediaries themselves still cannot agree on the composition and number of forces to bring in. Since these forces are no guarantee that the hostilities will not be resumed, naturally, we cannot make the concessions demanded of us by the Security Council's resolution—to withdraw troops from occupied territories. We are prepared to place disengagement forces along the line of contact, but that does not suit Azerbaijan. They are suggesting that we retreat to our own borders, but we do not know which ones—of the Nagorno-Karabakh Autonomous Oblast? The Nagorno- Karabakh Republic? To abandon occupied territories without firm guarantees would mean for us a loss of strategically important positions and a violation of our parity with Azerbaijan.

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And if we are able to assure the safety of the population of the Nagorno-Karabakh Republic today, we still remember the price it cost us.

[Barkhudaryan] With all the complaints of the parties to the conflict against one another, what, in your view, is the deterrent factor making sure that hostilities will not be resumed?

[Gukasyan] The ceasefire in Karabakh is not the result of mediation efforts or any act of goodwill on either part. It is an equilibrium that has developed as of today. The advantages Azerbaijan had—troop numbers, technical equipment, economic potential, and communications—were compensated for to a certain degree by our significant military successes. In my opinion, we are at an almost ideal line of contact. While just a couple of years ago we had to maintain all-around defense, now it is just a straight segment from Shaumyanskiy Rayon to the Iranian border. It is as though we and Azerbaijan have equalized our chances. We like the line of contact we have today, and there is no point in our advancing. Azerbaijan is not prepared to take offensive actions either, at least not in the near future. A situation has developed wherein resumption of hostilities by either side would involve immense sacrifices. I think that is a sufficient deterrent.

[Barkhudaryan] From time to time the opposition accuses the president of Armenia of, as it were, "abandoning" Karabakh, and, on the other hand, they say that Karabakh's successes were achieved in spite of the official Armenian leadership. These discussions became especially heated after the president's well-known edict. Do you think that the political course could change with respect to the Nagorno-Karabakh Republic?

[Gukasyan] No matter who may be in power in Armenia today, I do not think they will decide to abandon Karabakh. I do not think there can be the sharp change in the political course you mentioned. Naturally, the president cannot show his cards, even if the people insistently demand it. At the same time, when they were saying in Armenia—and this has occurred repeatedly—that Levon Ter-Petrosyan betrayed Artsak, that he was indifferent to the fate of the people of Karabakh, even then we were solving the problems that were known only to the leaders of Armenia and the leaders of Karabakh. As for the notion that Armenia had to give way under pressure from Karabakh, that too was true to a certain degree. We sometimes let ourselves get caught up in the overall situation—and that we should not do. And then we were sometimes forced to present the Armenian leaders with a fait accompli. But that, however, did not mean that Levon Ter-Petrosyan was against Karabakh's decisions. On the contrary, he was afraid of a possible negative reaction and severe sanctions. We have always proceeded from the idea that one must take risks. And the president of Armenia had to think about the consequences of our actions, about how they could affect the destiny of the people—all the responsibility ultimately lay on his shoulders.

In 1988 our people were on the verge of complete destruction. During Safonov's time, nobody could have predicted that we would take Shusha, Lachin, and others. At that time we had nothing to lose. Now we do. At the very beginning there was a skeptical attitude toward Karabakh's possibilities. Nobody thought or believed that we could create such a combat-ready army or that we could solve difficult military and political problems. Realities of the world change so quickly that it is necessary to react to them promptly and adequately. We will have to take risks again—and more than once. The main thing is to realize that political doctrine must be built on real political possibilities.

[Barkhudaryan] Sometimes one hears that Karabakh has its own interests, as it were, "its own games" in politics.

[Gukasyan] I do not think so. A single people cannot have different interests. It is another matter that the interests of Armenia are represented by people with various world views and with various attitudes toward the Karabakh problem. There are also those among them to whom Karabakh makes no difference in the large scheme of things, and it is difficult to work with such people. We have developed relations with the Ministry of Foreign Affairs of Armenia on a good basis although, naturally, sometimes we have to defend our own positions. We frequently agree to act without hindering one another. The time when Armenia opened all the doors to Karabakh has passed. While previously they regarded us as their younger brothers, whom they had to protect and help with their tasks, now our relations can be called a partnership. And so we must be prepared for both bureaucratism and formalism, which we encounter constantly.

[Barkhudaryan] The first president of the Nagorno-Karabakh Republic was elected recently. The GKO [State Defense Committee] has ceased to function, and a government is being formed. Can one hope that the establishment of the institutions of civil rule in Karabakh will be the beginning of a peaceful life?

[Gukasyan] The tasks that were set for the GKO have been completed. That pertains to economics and politics and military questions. But we could even win 10 more military campaigns, and it would not lead to solving the Karabakh problem. If we do not manage to build our state, these victories will not be worth a thing. I consider it necessary to create conditions for the formation of precisely a civil society in Karabakh. With the establishment of peace we will have to reduce our army, without detriment to our combat readiness, of course, and advance the economy. While heretofore all problems have been solved administratively, now such a system of state rule is impossible. So far, we have managed to create power structures that meet the demands of the time and correspond to the situation at the given moment. The institution of the presidency is another stage in the establishment of our statehood. I think the people of Karabakh are ready to create for themselves a life that is normal in all respects.

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P.S. Our discussion with Arkadiy Gukasyan, minister of foreign affairs of the Nagorno-Karabakh Republic, took place on the eve of his departure for Moscow. Everyone knows how the next round of negotiations with Azerbaijan ended. But still I hope that the arrow of the unstable truce will point in the direction of peace. A.B.

*Opposition Leader Views Upcoming Elections, Political Blocs

954F1521A Yerevan VREMYA in Russian 22 Feb 95 pp 1-2

[Interview with Grant Khachatryan, chairman of the Constitutional Law Union, by Artem Yerkanyan; place and date not given: "'Nothing Will Be Left of the "Rightist Bloc,"' Says Prominent Opposition Leader Grant Khachatryan, Chairman of the Constitutional Law Union and Secretary of the Parliament Commission on Problems of Independent Statehood"]

[FBIS Translated Text] [Khachatryan] It is very regrettable that we now see in the "rightist bloc" parties that seemingly should not have anything to do with the current authorities. I mean those very parties whose leaders back in 1992 put their signatures to all the demands for the president's resignation. Today the same political figures have initiated "consultations," which resulted in forming a union with forces led by the same president.

I am inclined to perceive the creation of the "rightist bloc" as an attempt to burn all the bridges between the opposition and our former confederates who ended up on the other side of the barricades. I have to admit that this attempt was quite successful.

And lastly. The main purpose in creating the "rightist bloc" is probably a change of sign. The name "AOD" [Armenian National Movement] will no longer be thrashed at the upcoming elections. Hiding behind the screen of an electoral alliance, the ruling party is trying to attract naive voters capable of falling for a pretty label.

[Yerkanyan] If the ruling forces win the elections again, as many observers predict, I think it will be fair to say that this will attest not so much to the strength of the authorities as to the impotence of their opponents. What do you think in this respect?

[Khachatryan] In appraising the balance of forces between the authorities and the opposition, many people put on the scales only the visible, apparent part of the iceberg. Yes, the strength of the authorities is more visible. It is expressed first of all in police truncheons. The opposition has a different weapon—its consistency. Consistency, and ties to the people.

We will soon have another opportunity to test this strength. I have no doubt that as a result, nothing will be left of the presidential "rightist" bloc.

[Yerkanyan] Many people doubt today that the law on elections currently under discussion in the parliament will be passed, and that elections will be held in keeping with the old law.

[Khachatryan] The new law must be adopted. The main issue, however, is—what kind of law is it? Over the past several years in a surge of revising our values we have been overcome by a delusion—we began to perceive the word "new" as a synonym of the word "good." Remember how after the president resisted adoption of the constitution for a long time, he suddenly said that it is necessary to have a fundamental law of the country and accused the opposition of hampering it. Yes, we took a stand at the time against adopting a new constitution, because the new version was much worse than the old one. We now have a similar situation. We are offered a choice: "Either we adopt a new law with your participation, or you will be blamed for the law not being adopted at all."

We are completely dissatisfied with the old law on elections but we do not want the new one to be even worse. A law that will be even worse should not be passed with our participation. And I will insist on it. This position of mine should not be interpreted under any circumstances as an attempt to derail adoption of the law on elections.

[Yerkanyan] What are opposition's main demands with respect to the draft law?

[Khachatryan] The deputy assembly presented several demands which, if they are not met, make it meaningless for the opposition to participate in codifying in the law principles we find unacceptable. I mean first of all prohibiting deputies from holding a paid outside job.

[Yerkanyan] But this is precisely one of the issues on which the authorities were ready to agree with the opposition...

[Khachatryan] An agreement was reached some time ago with the Supreme Council leadership on the need to have a professional parliament. However, at this point the authorities want to reject this principle.

By the way, in the unofficial group that worked on the draft law, one could feel Babken Ararktsyan's position diverged somewhat from the line conducted by the AOD. The parliament speaker had a quite positive attitude to constructive proposals aimed at making the future law more democratic. Apparently B. Ararktsyan wishes to be remembered in a positive way, to go down in history as the initiator of adopting a democratic law. However, this good intention will remain just that if he caves in on such a principal issue as the impermissibility of combining deputy powers with work in structures of executive authority. Actually, today he still has a chance to keep his name untainted if he rejects the agreement that has been reached and has the courage to use his influence in order to codify in the law those principles

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for which he has proclaimed support. If the head of the parliament dares to do this, I will be among the first to proclaim the significance of his role in the adoption of this law.

Torosyan Disputes Official Economic Figures

954F1573B Yerevan GOLOS ARMENII in Russian 25 Feb 95 p 2

[Interview with Ruben Torosyan, chairman of the parliamentary Commission on Questions of Economic Independence and Economic Management, by A. Vaneskegyan; place and date not given: "Statistics Questioned"]

[FBIS Translated Text] **I happened to meet with Republic of Armenia Supreme Council Deputy Ruben Torosyan, chairman of the parliamentary Commission on Questions of Economic Independence and Economic Management, right after the joint session with the Finance and Budget Commission, at which the draft program of Armenia's socioeconomic development for 1995 was discussed. And since the questions I planned to ask Mr. Torosyan were very close to the subject brought up at this discussion (by the way, the government at this joint session was represented by Armenian Minister of Economics Ashot Egiazaryan—what he said is a topic for a separate conversation), our conversation revolved around the same topic—the program that will be brought to the parliament for discussion, most likely in March.**

[Vaneskegyan] Mr. Torosyan, from your remarks I gathered that not everything is as bright in Armenia as is presented.

[Torosyan] My opinion is unequivocal: Over the past year of 1994, the crisis in the republic was only exacerbated. In the process of discussing the program, which took 12 sessions, government representatives, citing analysis of the results of 1994, maintained that the growth curve of socioeconomic development that year had been steadily climbing up. However, in reality, according to statistical data at our disposal, our experts calculated that in both 1993 and 1994 we had taken another step down.

When in 1992 the current government, acceding to power, announced that any further decline in the socioeconomic indicators and standard of living would be fatal, everybody agreed. However, the next year and subsequent years showed that the decline continued, and the government will earn the moral right to talk about improvement when we reach at least the 1992 level, which they themselves outlined.

[Vaneskegyan] To be more specific...

[Torosyan] Sure. But keep in mind that of the huge number of inquiries, amendments, and proposals we sent to the government in the course of preliminary discussions, there was no reaction to a single point, and the discussion, by the way, was wrapped up today.

Now, more specifically. What progress can we talk about, considering that of the planned 65 billion drams of real income the entire population of Armenia was supposed to receive, only 37 billion were "realized"?

Or that out of the average wage of 5,000 drams, 4,500 go to pay for municipal services (light, gas, and so on)?

What progress can we talk about, when in 1993 the average monthly salary in budget-funded organizations was 420 drams, or $6 (at the then exchange rate), and today it is 2,000 drams, that is, less than $5?

And there are also other indicators. In 1994, which begins, in the government's opinion, the era of prosperity, only 5 percent of the amount planned was privatized. These are the figures.

I will also tell you that we see the process of privatization not as a goal in itself but only as a means for raising the efficiency of the national economy.

[Vaneskegyan] There was also discussion of the power generation sector at the session.

[Torosyan] Yes, look at what is happening. We were told that the measures taken against nonpayers had been effective and were already producing real results (actually, in reality it was said that currently 50 million drams a day comes into Armenergo accounts daily—A.V.). But nobody can answer the question as to how the insolvent population can pay in full 10 drams per kw. Which means that somehow they use their cunning, find a way around it, and huge quantities of electric power produced by Armenergo are diverted into "losses"—I mean, illegal lines, tampered meters, and so on.

[Vaneskegyan] To be specific, enterprises...

[Torosyan] Do you know what the problem is? Today industrial enterprises have been put in a very difficult situation by the tightened tax policy. The new rules stipulate that taxes on income must be paid to the state regardless of whether the output is sold, and within a very short period of time: You produced—pay. Otherwise, in 90 days this amount will be withdrawn from the bank account.

Actually, we have set up, together with the Finance and Budget Commission, a mobile commission to check the operations of industrial enterprises. I am not accusing the government of cheating, but there are certain doubts regarding the statistics of industry operations—it appears the results have been overstated.

I will not mention any enterprise in particular, but today practically no enterprise in the republic operates normally. It is hard to understand what kind of growth we can talk about.

*World Bank Agreement on Social Programs Signed

954F1501B Yerevan RESPUBLIKA ARMENIYA in Russian 22 Feb 95 p 1

[Article by Vagram Stepanyan: "In the Republic of Armenia Government"]

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[FBIS Translated Text] The first step has been taken on the road of implementing the program of social investment in Armenia, which is the target of another World Bank credit. Yesterday the Republic of Armenia Government and the World Bank signed an agreement on making $440,000 available for the preparation of social programs project in our republic. The document was signed by Minister of Finance Levon Barkhudaryan and Vagram Nersisyants, the World Bank representative in Armenia. Present at the event were Prime Minister Grant Bagratyan, Minister of Economics Armen Egiazaryan, Minister of Labor and Social Security Ashot Yesayan, Minister of Health Care Ara Babloyan, and other heads of agencies directly related to the social sphere.

The social programs project will bring together individual programs drafted by a number of agencies. In this connection a Social Investment Fund government commission was set up, headed by Minister of Economics Armen Egiazaryan. The purpose of setting up the fund, says Minister of Labor and Social Security Ashot Yesayan, is to facilitate private entrepreneurship and at the same time deal with the employment problem in Armenia. A program drafted by his agency and intended to run through 1997 will help solve the mass unemployment problem: In his calculations, in 1995 alone it will help find jobs for about 5,000 persons.

In his appraisal of the agreement, Minister of Finance Levon Barkhudaryan noted that the program is aimed at resolving such important problems as preservation and development of social infrastructures and employment. This long-term preferential credit in the environment of transition to a market economy will facilitate the development of social policy and social protection.

Minister of Economics Armen Egiazaryan, in a background briefing for journalists, reiterated the course of events that led to this agreement. He says that long before this the U.S. Government made available to Armenia credit of $1 million through USAID—to finance work on preparation of draft projects. At the end of February the first two projects were ready: construction of a large hospital complex in Abovyan and water canals. The American Government financing will continue until the World Bank approves the social credit for Armenia, which is envisaged to come through as early as July-August of this year. The program of preliminary social financing, intended to run for three years, envisages credit in the amount of $20 million. American Government aid will continue in parallel. According to the minister, this will enable a softer and more painless transition to a market economy and the creation of new jobs. In conclusion, Mr. Egiazaryan said that Armenia has a realistic chance of getting monetary credits from other organizations and countries as well.

*National Accord Union Holds Protest Rally

954F1501A Yerevan VREMYA in Russian 22 Feb 95 p 1

[Unattributed report: "But the President Did Not Come Out"]

[FBIS Translated Text] A National Accord Union rally dedicated to the 74th anniversary of the anti-Bolshevik uprising in Yerevan was held on 18 February at Freedom Square. It attracted 25,000 participants.

The rally organizers noted that this rally caused reverberations in the republic's regions as well, which caused concern on the part of the authorities, prompting them to take a number of preventive measures. They said that the republic's internal troops were put on ready status.

In his speech, Deputy Assembly Chairman Albert Bagdasaryan proposed reducing the deputies' term to two years in the new law on elections. "It will not tire the people to hold elections every two years, while a five-year term produces stagnation in authority," he explained.

Grayr Karapetyan, member of the ARF [Armenian Revolutionary Federation] Dashnaktsutyun Central Committee, read out the statement addressed to the State Radio and Television Administration. The statement demands an end to the broadcast of programs with one-sided comments. It also called for providing free air time for all opposition parties until the elections.

Chairman of the National Self-Determination Party Paruir Ayrikyan presented for the gathering's judgment a message addressed to Republic President L. Ter-Petrosyan. It says, among other things, that the people consider the president at fault for a number of misfortunes that have befallen Armenian citizens.

After the demonstration of protest, the rally continued in front of the president's residence. It was protected by four rows of internal troops soldiers armed with shields, helmets, and truncheons. Even after the rally's representatives with the text of the statement were let into the building, the demonstrators persistently demanded for several hours that the president come out personally and meet the people.

Azerbaijan

SOCAR, Russian, Italian Firms To Develop Oilfield

NC0203195695 Baku TURAN in English 1359 GMT 2 Mar 95

[FBIS Transcribed Text] Baku (March 2) TURAN—SOCAR [State Oil Company of the Azerbaijan Republic] reports that during the visit of the presidents of Russian "Lukoil" company, Vahid Alekperov, and the Italian company "AGIP" Moscato to Baku on February 27, the preliminary agreement on creation of Azerbaijani-Russian-Italian joint venture for the development the "Karabakh" oil-field in the Azeri section of the Caspian Sea was reached.

The head of the press-service of "Lukoil-Baku" company, Vladimir Ivanov, said that under preliminary terms of the agreement, the shares of SOCAR, "Lukoil"

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and "AGIP" in the joint-venture will be distributed as follows 50 percent, 25 percent and 25 percent, respectively.

The Karabakh oil-field is located in the northern part of the Azeri section of the Caspian sea and contains approximately 40 million tons of oil.

Agricultural Reform, Budget Laws Adopted

954F1576A Baku AZERBAYDZHAN in Russian 25 Feb 95 pp 1-2

[Article by E. Suleman and F. Arifoglu under the rubric "Parliament": "Budget Prediction Discussion Continues. Parliament Commission Chief Doubts Their Plausibility"]

[FBIS Translated Text] Two important laws—"On the Fundamentals of Agrarian Reform" and "On Reforming Kolkhozes and Sovkhozes"—intended to create a legal base for making radical transformations in the country's agriculture were adopted last Saturday by the National Assembly of Azerbaijan. The law "On the Fundamentals of Agrarian Reform" earmarks the basic directions: forming new property relations in the agrarian sector, conducting land reform, and reforming the system of land reclamation and water management. The law guarantees observance of the principles of social justice and voluntary participation in the implementation of the reforms and grants complete freedom to the commodity producers in disposing of the fruits of their labor. The document envisions the transfer of land to private ownership without reimbursement. The new land owner, in turn, may sell, donate, exchange, mortgage, lease out, bequeath, or acquire more land. According to the laws that were adopted, the kolkhozes and sovkhozes may be transformed into various types of farms: peasant (farmer-run) farms based on private ownership of the land and property, private subsidiary farms, and other farms, joint ventures, cooperatives, and others based on private ownership of the land and property, joint-stock companies based on state ownership of the land and property, and state agricultural enterprises.

It should be noted that scientific research and educational institutions with an agricultural focus, their experimental bases, elite seed-growing and cattle-breeding farms, fishing enterprises, preserves, important poultry and animal husbandry complexes, processing enterprises, etc. will continue to be state-owned. Facilities of local significance may be turned over to municipal ownership.

According to this law, municipally owned processing enterprises are subject either to sale or to the creation of joint-stock companies. In the sale of these enterprises priority will be given to members of the collective and producers of raw materials. In the event of the creation of a joint-stock company, the controlling block of shares will be sold under preferential conditions to producers of raw material, and a certain part of the shares will remain with members of the collective free of charge. The remaining shares will be sold under general conditions. Up to 10 percent of the value of the processing enterprises will continue to be municipally owned.

State-owned processing enterprises are to be privatized according to legislation of the Azerbaijan Republic on privatization.

During the course of the discussion of the draft laws the members of parliament expressed special concern about the possibility of the "squandering" of the property of the sovkhozes and kolkhozes by individual farm managers. The first deputy speaker of parliament, Arif Ragimzade, who was in charge of legislative work on the documents, reported that in order to prevent such negative phenomena, on the eve of the reforms property will be inventoried in all branches of the agrarian sector.

According to the decree of the National Assembly, both laws will take effect on the day of their publication. (They were published in the newspaper AZERBAYDZHAN in the issues for 21 and 23 February 1995, respectively.)

* * *

The draft budget for the Azerbaijan Republic for 1995, which was coordinated with experts from the International Monetary Fund (IMF), was submitted on 21 February for the consideration of the National Assembly. When submitting the document the chief of the parliamentary commission on budget control, Dzhuishud Nuriyev reported that, according to predictions of the Ministry of Finance, the gross domestic product (GDP) this year would be 9.8 trillion manat and the budget deficit—451.9 billion manat. The ratio between the latter indicator and the former would be 4.7 percent, which complies with IMF standards. Jumping ahead, let us note that Dzh. Nuriyev himself expressed doubts about the plausibility of the prognoses. In an interview with the SNARK agency, he said in particular: "With the current composition of the Cabinet of Ministers it is impossible to justify the prognoses."

Dissatisfaction with government activity sounded like a refrain in the speeches of the members of parliament, and during the course of the discussion Deputy G. Gakhramanov even suggested "halting financing of the Cabinet of Ministers."

"This document contains more romanticism than realism"—this is how the budget that was submitted was characterized by Deputy Murshud Mamedov.

It must also be noted that, according to the procedure, the document should be submitted to the National Assembly by the head of the government, which did not go unnoticed.

True, it should also be noted that A. Ragimzade, who presided at the meeting, made the clarification that the

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document officially signed by the head of the government in the form of prognoses had already been submitted to the parliament. This draft of it is a reworked version.

The revenue side of the budget did not evoke any special complaints. With the exception, perhaps, of the item pertaining to customs duties. The Ministry of Finance hopes to collect 638 billion manat. The chairman of the parliamentary commission thinks this figure is too high. Dzh. Nuriyev made the argument: "Last year it was planned for customs to 'take' 40 billion manat and it received 17 billion." The same thing could happen again this year, Dzh. Nuriyev thinks.

Finance Minister F. Yusifov, in turn, advised fulfilling the revenue side by changing tax legislation.

Making amendments to the law "On Value Added Tax," in his words, could add 73 billion manat to the treasury, and the earmarked adoption of the laws "On Royalties"—79-80 billion manat, "On One-Time Duty"—8 billion manat, and "On State Duty"—2 billion manat.

F. Yusifov reported on the development of the president's edict "On Currency Regulation," which will abolish the existing statute on mandatory sale currency revenues by the enterprises at a fixed price. It is suggested that the "breach" that is forming in the treasury can be filled by increasing taxes on exports of strategic resources.

As for the deputies' remarks regarding the inadequate financing for various branches, the minister noted that if the budget were not approved they would be exacerbating the situation, since the prospects for acquiring $200 million worth of credit are extremely dim.

But foreign creditors, particularly the IMF, are establishing a reverse dependency between the allotment of funds and the amount of the budget deficit. And the Ministry of Finance intends to cover it, in turn, with bonuses and credit injections. The position is firm and clear.

Before the next meeting the Ministry of Finance and the Cabinet of Ministers will have to draw up the draft again taking these remarks into account.

Georgia

Kakubava Threatens To 'Declare War' Against 'Enslavers'

MK0203140095 Moscow NEZAVISIMAYA GAZETA in Russian 2 Mar 95 p 2

[Report by Liana Minasyan under the "Georgia" rubric: "Discontent With Russian Peacekeepers. The Abkhazian Liberation Union Threatens To Go From Words To Arms"]

[FBIS Translated Text] Boris Kakubava, head of the Abkhazian Liberation Union (ALU), made an extraordinary statement in Moscow: Unless the Russian peacekeeping forces, stationed along the Inguri River, speed up the large-scale return of Georgian refugees to Abkhazia within 10 days and come to the border Psou River by 15 May (the expiry date of their extended mandate), the ALU will strike at them and start military operations. "We shall declare war to expel Russian troops from our territory and we shall call on the whole Caucasus to do the same—to break up any ties with Russia and to fight the enslavers," Kakubava said.

Incidentally, by 10 March Georgian leader Shevardnadze is to go to an international meeting in Copenhagen, while a delegation of the Georgian Administration for Abkhazia is to arrive in Moscow for consultations.

All representatives of autonomous Abkhazia—both officials and Kakubava-type politicians—are unanimous in their political demands. These demands have been long formulated and, in one way or another, have been repeated at all negotiations: The Georgian population is to return to Abkhazia, but not in the current homoeopathic doses, while Russian peacekeepers are to follow them going deep into the territory. Georgia proposes their mandate be expanded to include protection of refugees.

In case no progress is made, however, there are political forces in the country that could demand the withdrawal of Russian forces. Boris Kakubava is sure: At least the restored Abkhazian parliament (its Georgian part) will vote precisely for that. By far not everybody, however, will approve of immediate "retaliatory actions." As a matter of fact, it did happen so: the Supreme Council of autonomous Abkhazia declared that "statements of some politicians run contrary to the political course of the government. Leaders of Georgia and the Autonomous Republic of Abkhazia have assumed full responsibility for the solution of the Abkhazian problem and therefore they condemn Kakubava's statement as provocative."

The command of the Group of Russian Forces in Transcaucasia [GRFT] also did not ignore the words of the ALU leader—"the appeal of a Georgian parliament deputy for war and terrorist acts against Russian troops evokes bewilderment, protest, and anxiety." Yuriy Baluyev, GRFT staff chief, furthermore, expressed suspicion that the recent explosions near the Transcaucasus Military District staff building in Tbilisi were organized by Kakubava's or like-minded people, and he promised to take adequate measures including the use of weapons.

Incidentally, the ALU leader himself, after making that sensational statement, according to some sources, left for Greece. True, Kakubava has said to NEZAVISIMAYA GAZETA that he is not afraid of sharing the fate of his like-minded friend Tengiz Kitovani because "he is backed by armed forces that will come out in case of

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possible repressions." Kitovani, as is known, did not confine himself to words alone, and embarked on a "march to Abkhazia" ending in a detention room.

Both Shevardnadze and Georgian "power" services, however, can not keep on pressing their opponents, even such radical ones as Kakubava, endlessly without attaining any apparent progress at the Abkhazian-Georgian negotiations.

Until recently, in relations between Georgia and Russia, the dialogue was held on unequal terms. Shevardnadze had to trust his unscrupulous partners' words and each time he came out a loser: He lost consecutively Gagra, Sukhumi, and the entire war. An additional humiliation was the fact that the 345th Russian Battalion—which, as Georgians who fought in Abkhazia assured, took part in the taking of Sukhumi—has now been transformed into a peacekeeping force.

In such situation, fruitless negotiations meant continuation of the defeat. Incidentally, Boris Kakubava participated in one of the latest rounds of talks in Moscow. One could suppose, therefore, that official Tbilisi offered its opponents to take part in a hopeless undertaking in order to share responsibility as well as society's disbelief in a "political way of settling things down." And the fact that Georgia—as witnessed by many participants in the talks—was ready to make maximum concessions and to make space for realization of political and economic ambitions in the region "in exchange for" Abkhazia was an indication of that weakness. One only had to wait until the atmosphere and intentions in Moscow changed.

The situation now is different: For Russia, Chechnya and Abkhazia have the same political context and require similar approaches. Representatives of Moscow begin to blame Ardzinba for the failure of negotiations. Therefore, the statement of Boris Kakubava may be interpreted in Tbilisi as a warning that Russia should increase its pressure on the Sukhumi authorities since in Tbilisi there are extremist politicians kind who could hardly be held back.

The more so that official Georgian representatives did not exclude the possibility of resuming war "out of neccesity," if a peaceful plan fails and the refugees do not start to come back before spring. Many people did not support Kitovani's action because, as Vice Premier Tamaz Nadareishvili noted, "if such a campaign becomes necessary, it should be carried out on a state level," i.e., war will be waged by the national army rather than semilegal military ALU formations. At the same time, Kakubava has warned that possible terrorist acts against Russian forces will be carried out by his supporters.

Kakubava's 'Provocative' Statement Condemned

LD0203182695 Tbilisi Radio Tbilisi Network in Russian 1510 GMT 2 Mar 95

[FBIS Translated Text] The press secretariat of the Georgian head of state has made a statement condemning the recent statement and actions by Boris Kakubava MP, member of the so-called National Liberation Front of Georgia, who has called for carrying out terrorist and subversive acts against the Russian troops deployed in Georgia.

The press center of the head of state is authorized to state that irresponsible and provocative statements made by Kakubava are among those anti-governmental actions that have been carried out despite the official policy of the Georgian leadership, and which are aimed at damaging Russian-Georgian relations.

The press center's statement also says that criminal proceedings have been instituted against Kakubava, and stresses that the state will continue to take the most resolute measures against those who provoke conflicts thus endangering the security of the country and its people.

Shevardnadze 'Shocked' by Listyev Murder

LD0303120595 Moscow ITAR-TASS in English 1149 GMT 3 Mar 95

[By ITAR-TASS correspondent Tengiz Pachloria]

[FBIS Transcribed Text] Tbilisi March 3 TASS—"I was shocked by the murder of famous TV journalist Vladislav Listyev, whom I had known," Georgian leader Eduard Shevardnadze told the national television today. "Listyev was a brave and gifted man, a fighter for democracy," Shevardnadze noted. "Georgia conveys its condolences to the Russian state, to the Russian journalists and TV companies in connection with this terrible tragedy," he added.

Shevardnadze noted that it was high time to pool the efforts in the struggle against terrorism, which is rampant in many republics of the former Soviet Union. He offered the heads of the CIS nations to jointly discuss problems linked with the intensification of the struggle against this evil. "It will be difficult even to speak about democracy if we fail to put an end to terrorism through joint efforts," the Georgian leader stressed.

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Estonia

Tallinn Opposes Russian Role in Deciding NATO Expansion

LD0203184195 Moscow INTERFAX in English 1541 GMT 2 Mar 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] TALLINN, Mar 2 (Interfax)—Estonia categorically opposes granting the right for veto to Russia in resolving the issue on NATO's enlargement, Estonia's Foreign Minister Juri Luik underlined in Brussels Wednesday. He voiced this statement in NATO headquarters where he presented an individual program of Estonia's cooperation with the North Atlantic Alliance.

Luik specially emphasized, the press service of Estonia's Foreign Ministry reported to Interfax, that Tallinn deems it "unacceptable" to grant any special rights to Russia in exchange for signing of an individual program of partnership with NATO by Moscow.

"The start" of this program scheduled for last December was postponed due to NATO's decision to consider the issue on enlargement to the East in 1995.

Characterizing the individual program of partnership between Estonia and NATO, Luik pointed out that it is focused on cooperation in the sphere of standardization and training of staff.

Luik Views PFP as Prelude to NATO Membership

WS0303122995 Tallinn BNS in English 1900 GMT 02 Mar 95

[FBIS Transcribed Text] Tallinn, Mar 02, BNS—Foreign Minister Juri Luik in a speech at the NATO headquarters in Brussels on Wednesday said Estonia regards the Partnership for Peace [PFP] program as means by which to achieve eventual NATO membership.

Luik met in Brussels with NATO Secretary-General Willy Claes and made his remarks on the acceptance of the Estonian individual Partnership program at a meeting of the North Atlantic Council [NAC].

"We regard PFP as a means by which to achieve the end of eventual NATO membership for those who desire to become members, as we, in Estonia, do. In this context, we would welcome increased attention to facilitating standardization and interoperability in command and control and other areas, and by a better and more timely exchange of information, as well as increased cooperation in education and training," he said.

The Estonian foreign minister paid attention in the remarks to the debate on expansion of the North-Atlantic Alliance. The debate culminated in December, when the North Atlantic Council adopted a statement confirming that expansion of the alliance would continue. Luik said all these steps increase Estonia's security, which, in turn, will increase the security of NATO members.

The Estonian foreign minister pointed out three moments regarding expansion of the alliance.

"First, at the Budapest OSCE [Organization on Security and Cooperation in Europe] summit last December, we welcomed the NAC's December 1 decision vis-a-vis NATO enlargement. We would like to reiterate those thoughts, as well as to welcome the U.S.-led series of regular consultations which have begun with those eleven states regarded as potential NATO members. At the same time debate continues over the questions of who and when. As you know, we share the view that any expansion of NATO should enhance the security of the continent, as a whole, not just help a few while relegating others to the waiting room, or, if you will, to a kind of gray zone. For this reason, we would welcome more detailed steps on how an expansion would enhance everyone's security, rather than repeated assurances that such a move will not undermine our security," Luik told the meeting.

"Second, NATO has said time and time again that any expansion of the alliance would be transparent, and would bring with it no surprises for Russia. Taken at face value, this is certainly a program my country would support. At the same time, such a program, which would, by definition, go above and beyond PFP, raises questions," he said.

Luik said Estonia hopes that NATO would make efforts to assure Russia that expansion will be transparent. We would welcome application of those same principles in dialogue with non-Russian partners, the Estonian minister said. "Transparency and lack of unpleasant surprises is as important to us as to Russia," he said.

"Third, Estonia believes that any planned special program with Russia should be based on a general political understanding of the idea of expansion. We cannot conceive of any program under the conditions of which Russia would be granted a special arrangement in return for acceding to expansion by just one given country."

"Such a quid pro quo would signal NATO's de facto acceptance of a Russian veto for other potential members," Luik warned.

Luik had also meetings in Brussels with the ambassadors of European nations and the United States to NATO, to whom he presented Estonia's position as to enlargement of the alliance. Estonia says the enlargement plan should grant all associate nations equal security guarantees.

Speaking of Estonia's achievements during the 14 months that have passed since NATO in January last year formally introduced the Partnership for Peace program, Luik said Estonia, along with its Baltic partners,

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had launched a joint Baltic peacekeeping battalion. The country has become an associate partner in the WEU [Western European Union], has successfully negotiated the withdrawal of Russian troops, concluded talks on an association agreement with the EU and joined the OSCE Budapest document.

On Tuesday, Luik paid a brief work visit to the Netherlands, where he met the state secretary of the country's Foreign Ministry, Michel Baptijn, as part of a series of consultations between the two countries' governments.

Premier Comments on Refugee Problem

LD0203171995 Helsinki Suomen Yleisradio Network in Swedish 1400 GMT 2 Mar 95

[FBIS Translated Text] [Announcer] Estonia intends to throw all refugees into prison for at least another year. Thus is stated by Prime Minister Andres Tarand, who admits that foreign pressure made him ask Finland to receive the group of Iraqi refugees recently. Estonia's refugee problem did not end with that—new Kurdish refugees turned up a few days ago.

[Correspondent Patrik Holstroem] Estonia had barely got rid of the group of nearly 90 Iraqi refugees, which were awkward for the country, when a new group of refugees turned up, this time 16 people who say they are Kurds from Turkey. Half of them are children. According to the police, the refugees were smuggled across the border from Russia by professional human smugglers. The refugees want to get to Sweden, and they were living underground in Tallinn for two weeks before they were discovered. They have now been thrown into prison, as were the previous prisoners.

After all the negative publicity that Estonia received for the treatment of the Iraqi refugees, plans have been made for an internment camp to replace the prisons as a place to stay. However, the camp is hardly likely to be ready for another year and those refugees who come to Estonia will therefore still be thrown into prison, Prime Minister Tarand says.

[Begin Tarand recording in Finnish] I believe that the camp will not be finished for a year, so whoever comes will still go to prison. [end recording]

[Holmstroem] Prime Minister Tarand says that the government that will be appointed after Sunday's election will have to create refugee legislation, which Estonia is lacking so far. Until then, refugees will be viewed as illegal immigrants and therefore as criminals. But the handling gives a bad impression of Estonia abroad and Tarand admits that it was pressure from foreign human rights activists that made Estonia ask Finland to take care of the Iraqi refugees. Estonia had more to lose than gain from continuing to keep them in prison.

[Begin Tarand recording in Finnish] In the end, it was the pressure by these human rights fighters that Estonia was losing more than it was gaining. [end recording]

[Holmstroem] It is estimated that there are tens of thousands of refugees in Russia waiting for an opportunity to go westward through Estonia, for instance, and Tarand wants to rapidly bring about an agreement with Russia enabling Estonia to return refugees there, something that Russia does not want. In the same breath, the prime minister says that he is not defending crimes against human rights, having himself had them trampled during the Soviet era, but too many people may come from the east if one is too liberal, as Finland also knows very well, according to Tarand, even though it is not stated openly.

Latvia

Saeima Adopts Amendments on Citizenship Law

LD0203122495 Riga Radio Riga Network in Latvian 1000 GMT 2 Mar 95

[FBIS Translated Text] Amendments to the citizenship law were passed in the first reading at the plenary session of the Saeima [parliament] today. They stipulate that Latvians and Livonians who have registered and whose place of permanent residence is in the Republic of Latvia are Latvian citizens. The amendments to the law also provide for restoration of citizenship to women and their descendents who according to the 1919 Latvian citizenship law automatically lost Latvian citizenship when they wedded citizens of other countries.

In addition, amendments to the law on excise duties were passed in their final version at the plenary session. Thus, it will be possible to begin transferring excise duties on alcohol to a special health care budget.

Protocol on Pension Payments Signed With Lithuania

LD0203195595 Riga Radio Riga Network in Latvian 1900 GMT 2 Mar 95

[FBIS Translated Excerpt] Today, at the Department of Social Insurance at the Ministry of Welfare, a protocol was signed between Latvia and Lithuania on mutual payment of pensions to citizens and permanent residents. Lithuania is the first country with which Latvia has concluded an agreement on cooperation in the sphere of social insurance. [passage omitted]

British Defense Official Arrives for Talks

LD0203190095 Riga Radio Riga Network in Latvian 1700 GMT 2 Mar 95

[FBIS Translated Text] At the invitation of Defense Minister Janis Arveds Trapans, Admiral Jock Slater, deputy chief of British Defense Staff, arrived in Latvia today on an official visit. During the visit, lasting until 5 March, the admiral will meet with the minister of Defense, the commander of the national armed forces, and officers of the national armed forces staff. They will discuss matters concerning British aid in the training of

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young officers and instructors, the creation of an airspace monitoring system, and other ventures. Slater will also visit the National Defense Academy, the compulsory service unit of the Home Guard, the national armed forces' and Baltic peacekeeping battalion's training center at Adazi, and the national armed forces' naval base at Bolderaja.

EU Allocates Funds for Toxic Waste Disposal Site

WS0303124195 Tallinn BNS in English 1604 GMT 2 Mar 95

[FBIS Transcribed Text] Riga, Mar 02, BNS—The European Union (EU) has granted financial resources to Latvia for a toxic waste storing site set-up in the Baltic state, Latvian Environmental Protection and Regional Development Ministry's Project Department official Ilgonis Strauss told BNS.

Latvia does not have a certain place where to keep and process toxic waste. Toxic waste is kept in domestic waste disposal sites and in the territories of plants and factories.

To solve this problem, EU has allocated 220,000 ECU [European Currency Unit] for investigation work. The Danish firm Hemkontrol has won the competition to carry out investigation in this sphere in Latvia. The Danish Environmental Protection Agency has allocated 180,000 ECU for drafting a waste disposal site project.

The Latvian Environmental Protection and Regional Development Ministry has set up a working group for cooperation with the Hemkontrol.

The investigation will be completed in seven months, and the project will be drafted in parallel. It is possible that one of the former Russian military bases will be used for storing toxic waste.

IMF Team Visits, Notes Positive Economic Trends

WS0303114795 Riga DIENA in Latvian 16 Feb 95 pp 1, 8

[Report by Baiba Melnace: "Latvian Economy Develops"]

[FBIS Translated Text] Riga, 15 Feb—The IMF is of the opinion that the slide in the Latvian economy has stopped, Emanuel van der Mensbrug, head of the IMF mission to Latvia, stated at a news conference on Wednesday [15 February]. He also said that GNP has increased by 2 percent over last year. The draft memorandum on cooperation between the IMF and Latvia foresees that GNP will grow by 3-5 percent in 1995.

The IMF mission was in Riga for two weeks, with the aim of learning whether the economic indicators of last year's memorandum were fulfilled in Latvia, and to evaluate the economic prospects for 1995. It was also their task to prepare, along with the Latvian Government, a new agreement between Latvia and IMF on cooperation for the next 13 months. The present agreement is valid until the end of March. After that, the new memorandum will take effect, which must be accepted by the Latvian Government and the heads of the IMF by that time. The Latvian Cabinet of Ministers has already viewed it conceptually, and it is predicted that the government will discuss and accept it next week.

The IMF representative also noted Latvia's positive balance of payments, as well as the sufficient level of currency reserves in the Bank of Latvia. Due to this, Latvia will not require IMF credits this year.

The IMF also emphasized that Latvia has achieved a major portion of the targets set out in the memorandum for 1994. The IMF noted with pleasure the roughly 10-percent drop in inflation last year. Latvia should still, however, maintain a strict monetary policy, so as not to allow the rate of inflation to exceed 15 percent this year. In this respect, the IMF experts advised the Latvian Government to limit the rate of salary increases.

Finance Minister Andris Piebalgs already announced at a news conference on Tuesday that the government does not plan to increase the minimum wage.

The IMF has advised the government to pass, as soon as possible, certain laws in the field of economics and finance, for example, on bank insolvency and bankruptcy. The government was also advised to speed up the privatization of large plants.

However, after comparing the statistic calculations of GNP made by the IMF and the Latvian Statistical Office, it turned out that local statisticians may have been more skeptical. According to them, GNP last year not only did not grow, but most probably even decreased. According to Piebalgs, this difference results from using different methods of calculation. An IMF representative affirmed this and added that the Statistical Office has not yet received all the reports on development in 1994, so the final calculations regarding last year's performance will be made later, and then the results of both institutions may coincide.

Trade Delegation's Visit to Iran Detailed

WS0303123395 Riga LABRIT in Latvian 13 Feb 95 p 4

[Report attributed to the LABRIT Information Service: "Latvia Begins Cooperation With Iran"]

[FBIS Translated Text] A delegation headed by State Minister for Privatization Druvis Skulte paid a visit to Iran on 31 January to 3 February.

The primary goal of the visit was to discuss issues of economic cooperation and to initial an agreement on trade and economic cooperation between Latvia and Iran.

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During the visit, meetings with representatives of the Ministries of Trade, Industry, and Oil took place. Problems concerning regular exchanges of business information, participation in various commercial exhibitions, and the creation of joint economic ventures were discussed. The Latvian delegation received an invitation for our country to participate in an industrial goods exhibition this September in Iran. The Iranian side also expressed interest in Latvian monetary policy, especially in our banking system.

Both sides mentioned the export and import of oil and petroleum products as primary issues of cooperation. The Iranian side expressed the desire to purchase lumber, fish products, and paper from Latvia. On its part, Latvia would have demand for condiments, nuts, and dried fruit, necessary for its food-processing industry. Latvia expressed interest in the free economic zones created in Iran, and reported about possibilities for cooperating with operations at Liepaja harbor.

Taking trade indicators into account, exports to Iran in 1993 totaled 48,000 lats [L], imports from Iran—L16,000. In the first nine months of 1994, exports to Iran amounted to L16,000, and imports from Iran—L131,000, which is less than 1 percent of Latvia's total foreign trade. There are, however, sufficient grounds to judge that the potential for mutual trade should be developed, especially by promoting commercial ties between private enterprises.

Iran was one of the states of the Near East which acknowledged Latvia's independence on 10 September 1991. Diplomatic relations between Latvia and the Islamic Republic of Iran were established on 7 July 1992. On 1 February 1993, Hoseyn Panahi-Azar was accredited as Iranian ambassador to Latvia, with his residence in Stockholm.

Lithuania

Brazauskas Comments on Visit to Israel

WS0303114895 Vilnius ELTA in English 1839 GMT 02 Mar 95

[From "News Bulletin" No. 705]

[FBIS Transcribed Text] Vilnius, March 2, ELTA—At the press conference on Wednesday Lithuanian President Algirdas Brazauskas said that he was satisfied with the results of the visit [to Israel].

President Brazauskas stressed that during the meetings with Israeli president and other state leaders they managed to solve the painful problems of the past. "We understood each other good and came to conclusion that the events of the past could not be freely and subjectively interpreted", Lithuanian president said.

Algirdas Brazauskas assured that he would do everything possible in order to avoid misunderstandings in the Lithuanian-Jewish relations and added that the cases concerning those suspected of participation in the Jewish genocide would be reconsidered in legal form only.

Wednesday night Algirdas Brazauskas met with Israeli businessmen in Tel Aviv and invited them to increase their investments in Lithuania. Positive achievements in Israeli-Lithuanian relations, that had been reached during the visit, would create conditions for sucess of their businesses, President Brazauskas added.

On Thursday Lithuanian president ends his visit to Israel. The farewell ceremony will take place in the court-yard of the Houses of Israeli President in the morning.

Israeli President Ezer Weizman thanked President Brazauskas for the visit and expressed confidence that the visit would add to further cooperation development between the two countries. President Brazauskas extended an invitation to Ezer Weizman to arrive in Lithuania on an official visit.

More on Brazauskas Visit to Israel

LD0303104395 Vilnius Radio Vilnius Network in Lithuanian 1000 GMT 3 Mar 95

[FBIS Translated Text] The official Lithuanian delegation led by President Algirdas Brazauskas returned from Israel to Lithuania last night. During his flight back Algirdas Brazauskas told journalists on board the plane that as the republic's president and a citizen, he was greatly relieved at having spoken the words of repentance about the genocide of the Jewish nation. Algirdas Brazauskas said that his statement helped to disperse a substantial part of the shadows of suspicion and distrust which have marred relations between the Lithuanian and Jewish nations and between the states of Lithuania and Israel. He became convinced of this later during his talks with Israeli President Ezer Weizman and other leaders of that state.

I hope that this will be appreciated by World Jewry, too, which has appreciated similar words of repentance uttered by the leaders of some other states, said Algirdas Brazauskas.

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